

U.S. News & World Report

For United States News

World Report

DECEMBER 5, 1952

20 CENTS

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THE STORY OF COMMUNISM IN U.N.

—by **ROBERT MORRIS**,
Special Counsel, Senate Committee

U-33, no 23

What Ike Can Do About Korea

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Photograph by Leo Aarons

The best gift of all

Isn't the happiness we bring to those we love the best Christmas gift of all?

Of course it is. And how fortunate we are today in being able to give not only many Christmas gifts but many new and more lasting "gifts" that contribute so much more to happiness.

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"From each according to his ability; to each according to his needs."

—From the Communist writings
of Karl Marx

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So you take half the bees' hard-earned honey, and give it to the wasps who have spent the summer having an easy time.

So half the bees starve to death but the wasps learn to like free honey (there is a special type of wasp that does!) and are now so well fed that they multiply in strength and numbers. Now they've had a taste of soaking the rich, of "sharing the wealth"—so they

refuse to do any work, and demand *all* the bees' harvest. The now-outnumbered bees try to refuse but the wasps seize the honey, eat it all, and let the bees, who gathered it, starve.

So pretty soon you have no industrious bees, and the place is swarming with wasteful, useless wasps.

Tough on the bees. And on the world.

But such a sweet philosophy!



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The March of the News

TOKYO

Reporter's notebook. Following is an office memo from a newsman assigned to President-elect Eisenhower:

The war in Korea is only a weekend away from Washington—as the commercial air liners fly . . . I came to the Far East in advance of Eisenhower . . . It's quite a trip.

Nine hours by air from Washington, D.C., to Seattle . . . Fogbound for five hours while passengers discuss the Ike trip or talk about a plane missing in the Far North . . . Finally, a take-off.

Six hours later landed at Anchorage, Alaska—a boom town, from the looks of it . . . Next reached Shemya in the Aleutians in the midst of a heavy snowstorm at midnight . . . Delayed eight hours by a damaged propeller . . . Off again . . . Into Tokyo in bright afternoon sunshine . . . Lost most of a day at the international date line.

It's a jolt to realize you travel from Washington, D.C., to these islands in the Far East—next door to the Korean war—in less time than it takes to cross the U.S. on the fastest train . . . From here we disappear into the “news blackout” in Korea . . . Will report later.

WASHINGTON

All's quiet. By last week end Washington was becoming accustomed to a strange role . . . For the first time in 20 years, the political capital of the U.S. was the city of a lame-duck Administration—and out of the news.

Big things were happening—but they were happening around Dwight D. Eisenhower and the men who will move into Washington with him next January 20 . . . All but unnoticed, Harry Truman and his official family were getting ready to move out.

Moving day. Although his lease on the White House had about a month and a

half to run, President Truman was beginning to pack.

Books and other personal belongings were being crated for the move to Independence, Mo. . . . The President's collection of political cartoons, which once lined the corridors outside his office and the Cabinet room, had been taken down . . . Two pianos—property of Mr. Truman and daughter Margaret—were being prepared for shipping.

Only personal property will leave with the Truman family . . . Practically all the White House furnishings—right down to bed linens and towels—are owned by the Government . . . Even at that, it will take two freight cars to haul away all the Truman possessions.

Veep's birthday. Seventy-five last week, Vice President Alben Barkley was looking forward to his January retirement from office—so he can get started on a new career . . . The Veep wants to write a book about 40 years in politics.

Barkley spent his 75th birthday in a hospital—undergoing eye treatment . . . Otherwise, he was fit as a fiddle . . . In his own words:

“I feel like a million dollars . . . It's hard for me to realize I'm 75 . . . I don't feel any older than I did 40 years ago . . . I'm up to running the length of Pennsylvania Avenue right now.”

In his birthday mood, the Veep gave friends his own prescription for a long and healthy life:

“Hard work . . . Do a full day's work and keep your conscience clear . . . Eat heartily, but don't overeat . . . Observe temperate habits.”

The retiring Vice President looked back on his years in Washington's politics—where ulcers and migraine headaches are so common they qualify as occupational hazards, and remarks:

“I've never had a headache or indigestion in my life.”

THE UNITED STATES NEWS WORLD REPORT

U. S. WEEKLY

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NHW-20



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A UNIT OF THE BELL SYSTEM SINCE 1882

Whispers

[What appears on this page is reported in Washington and other news centers]

Lodge: A Roving Ambassador? . . . Morse—Lone Wolf, Not Key Vote . . . Puzzle of \$300,000 Left in Ike Funds

Henry Cabot Lodge, Jr., retiring Senator from Massachusetts, is in line for a job as roving ambassador of the President. General Eisenhower and John Foster Dulles, who is to be Secretary of State, plan to send Senator Lodge on important special missions to all parts of the world with authority to speak in behalf of the President.

★ ★ ★

Sherman Adams, as Assistant to the President, is expected to become the principal White House news source under Eisenhower. Many major announcements probably will funnel through him.

★ ★ ★

Farmer co-operatives are breathing more easily with announcement of the appointment of Ezra T. Benson as Secretary of Agriculture. An old co-op man himself, he is expected by farmers to squelch attempts to impose heavier taxes on their groups.

★ ★ ★

Arthur Summerfield, as Postmaster General, may get more authority from Congress to shake up top jobs in his Department. People at Eisenhower headquarters say that the present unsatisfactory mail service can never be straightened out unless the Postmaster General gets more power over personnel.

★ ★ ★

Richard Nixon, as Vice President, is to act as a liaison man between the White House and Congress. He will attend Cabinet meetings and relay White House decisions and policies to both House and Senate. He also is expected to keep the White House acquainted with congressional views.

★ ★ ★

New Ambassadors to be appointed by General Eisenhower are expected to be mostly men who have had wide experience either in foreign affairs or

in world trade. Mr. Dulles is preparing a list of prospects.

★ ★ ★

Democrats for Eisenhower in the South are likely to get little consideration for federal patronage jobs. Regular Republicans in the South are so hungry for minor jobs, after being out of office 20 years, that there are not enough to go around.

★ ★ ★

"Citizens for Eisenhower-Nixon" groups, who played a large role in the campaign, pose a political and financial problem for the incoming Administration. These groups have about \$300,000 in unspent funds, and there is some debate about whose money it is and who should spend it.

★ ★ ★

Senator Robert A. Taft, of Ohio, is being told by all his Senate friends that he must become Majority Leader of the Senate. They reason that Taft has to assume Senate leadership to

balance the influence in the new Administration of the group dominated by Governor Thomas E. Dewey.

★ ★ ★

Senator Wayne Morse, of Oregon, is likely to find himself virtually a lone operator in the Senate. Both Taft and Eisenhower forces agree that they need not show the Oregon independent any consideration in the next Congress. They can count on support from Southern Democrats.

★ ★ ★

Air Force officials are still annoyed with President Truman for that message to General Eisenhower offering the "Independence," the President's plane, "if you still want to go to Korea." If Truman had not used that phrase, the General might have accepted the offer and thereby simplified the Air Force problem of plane and pilot security for the Korea trip. The "Independence" is always kept in top flying order.

★ ★ ★

John R. Steelman, Assistant to the President, is reported to be the man who proposed that Mr. Truman do away with wage and price controls by executive order. Other advisers pointed out that these were campaign issues and there was no reason to seem to accept Republican criticism.

★ ★ ★

Anthony Eden, British Foreign Secretary, was asked by almost every member of the British delegation to the United Nations to use what influence he could to call off, or tone down, the investigation of U. N. employees by a Senate Committee.

★ ★ ★

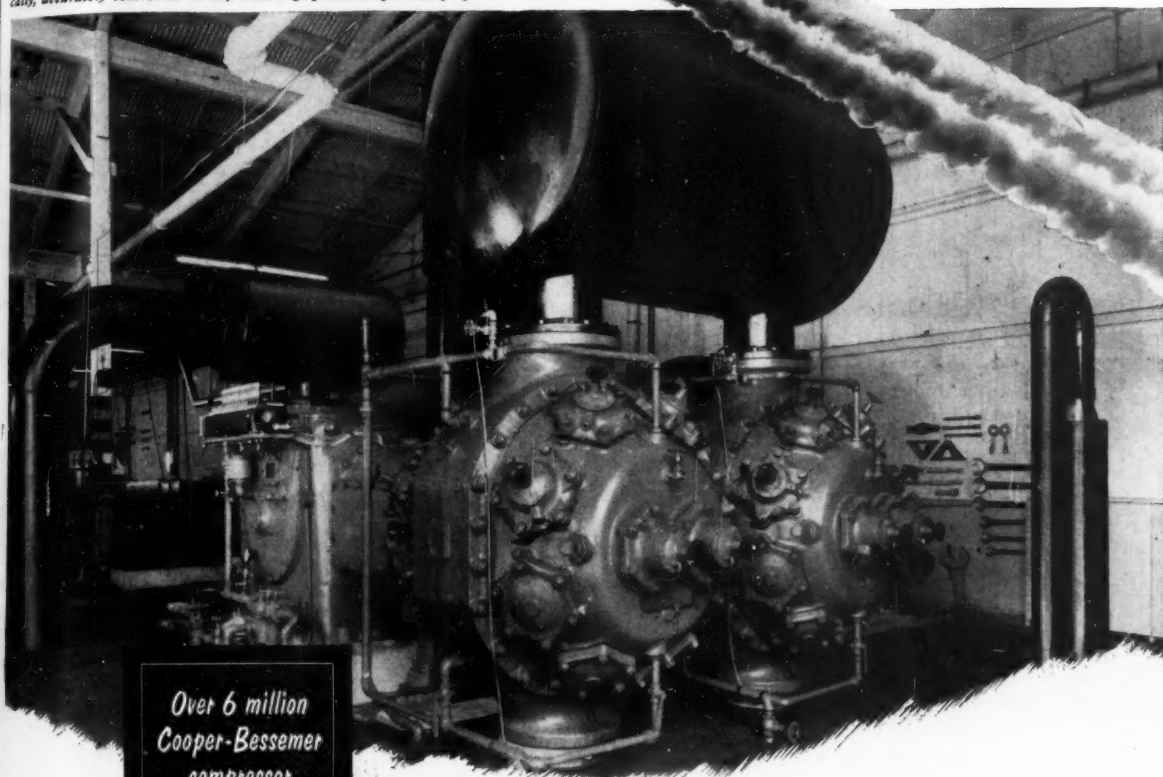
Communist infiltration into the Army of Iran is another development in that turbulent country that worries Washington officials. A number of Communist youths have joined the Army and won commissions.

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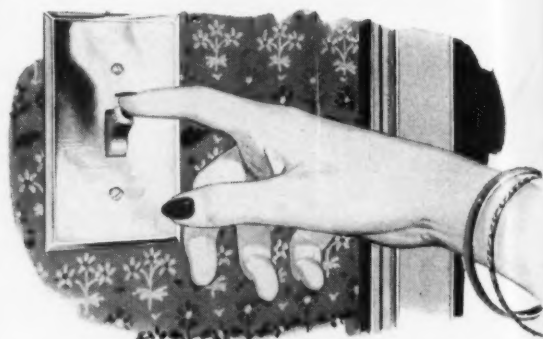
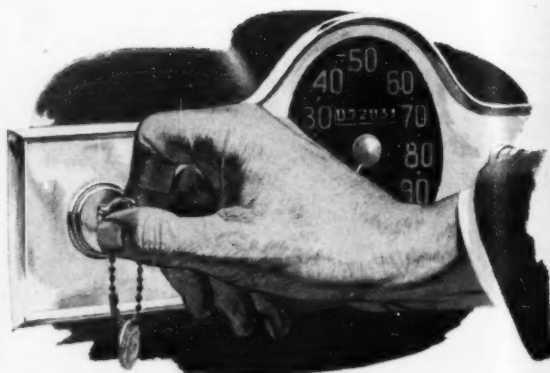
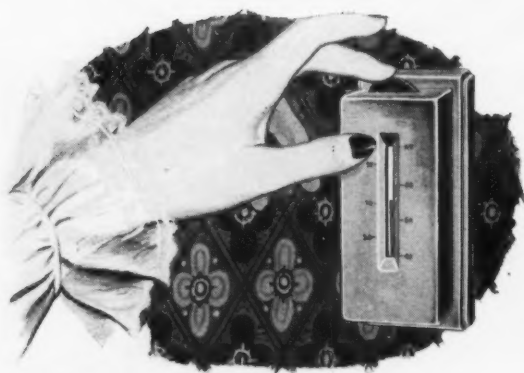
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FROM THE
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Tomorrow

A
LOOK
AHEAD

Newsgram

24th and N Streets, N.W.
Washington, D. C.

The Eisenhower Administration actually is functioning right now. Power is shifting from Washington to New York's Commodore Hotel. Top decisions of Government are cleared through Eisenhower headquarters. Policies are being hammered out in daily conferences among top aides. Appointees announced by Eisenhower go directly to work.

When Inauguration Day comes on January 20 the country will already have an operating Administration. Policy lines will be laid down, programs set. Eisenhower is moving fast to take charge of the nation's affairs.

To give you some examples of how Government power is shifting:

John Foster Dulles now is Secretary of State, in fact. He is consulted by State Department officials before they make any move. He is, in effect, the U.S. voice in current negotiations at the United Nations.

Charles E. Wilson is moving into the Defense Department six weeks before he will take office. The oath will be little more than a formality.

Herbert Brownell, Jr., incoming Attorney General, is a key man in setting up the organization that will head the Government for the next four years.

What's developing in New York is a parallel Government to the one that now holds office in Washington. The Government in New York is the real one.

Harry Truman, outgoing President, is co-operating completely with this preinaugural shift in power. He and his aides are doing everything they can to make it easy for the new Administration to take charge without a hitch.

Korea, naturally, gets the first claim on Eisenhower's attention.

War in Korea gives every sign of continuing. Truce hopes are dashed. The Communist policy evidently calls for keeping that war going.

Eisenhower's problem is to decide how to handle that frustrating war. He will have clearer ideas after he completes his on-the-ground inspection.

More Allied support for U.S. policies in Korea now can be expected. That is a break for the incoming President. The Russians managed that by affronting India and other non-Communist nations in the United Nations.

What you can't expect, though, is any early solution to Korea. But it is likely that an Eisenhower-Dulles policy will develop, gradually, that will put the U.S. and U.N. in a position that has more advantage.

Foreign-trade policy is due for an early review by the new Administration.

World trade and world aid are tightly linked. It is to be expected that the Administration will adopt policies to promote a greater volume of trade.

(over)

U.S. tariffs may go still lower. Important business groups in the U.S. are coming around to the view that this country must take the lead in reducing trade barriers. Detroit Board of Trade favors a full free-trade policy.

Reciprocal Trade Agreements Act comes up again for renewal next year, so decisions on trade policy must be made by the Republicans.

Lower tariffs, or even no tariffs at all, would not be likely to solve many problems. U.S. tariff wall is pretty low now, and it's doubtful that U.S. imports would increase very much if that wall were to be razed.

What's really needed to build up non-Communist strength in the world is a way to promote U.S. investments in other countries. Before that can be done other countries must provide greater protection for U.S. capital. The incoming Administration almost certainly will try to improve the investment climate.

The world "dollar problem," so called, will ease in the early months of the Eisenhower Administration. That will allow time for long-range solutions.

A balance between U.S. imports and exports is indicated for next year, if Government aid to other countries is excluded from trade accounts.

Government loans and grants to other countries thus are likely to make it possible for those countries to build up their gold and dollar reserves. That will permit some reduction in the amount of U.S. aid.

You can definitely count on the new Congress to look closely at spending. These tips come from Representative Taber, to be in charge of appropriations:

Military spending is not running much above 42.5 billions a year. So the defense budget can be trimmed well below 50 billions.

Atomic-energy spending, with 5.5 billions available, is at the rate of only 1.8 billions a year. This program needs investigation.

Aid abroad, with 12.6 billions available, is at a rate of 1.3 billions a year. To Mr. Taber, a cut here appears obvious.

Main point of Mr. Taber's observations is that Congress has been giving Government agencies more money than they actually need. He intends to try to stop this practice and, thereby, cut the federal budget.

Defense planners want to create "reserve capacity" for war production.

Mobilization idea now developing is to "stockpile" plant and machinery that can go into immediate production, instead of stockpiling weapons.

Proposal of the Office of Defense Mobilization is to build reserves of heavy machine tools and other specialized equipment for quick use if needed.

Stand-by plants also may be recommended in some instances.

Defense budget to be submitted to the next Congress is to ask for money to build up these reserves. The argument will be that it is cheaper in the long run to have the productive capacity on hand than to keep on buying weapons. A stockpile of weapons also runs the risk of becoming obsolete.

Securities markets have had a sudden upsurge of activity.

Trading on the New York Stock Exchange has about doubled in volume.

Prices of stocks have spurted to the highest point since April, 1930.

On the average, however, stock prices do not appear excessively high in relation to earnings and to current dividend payments.



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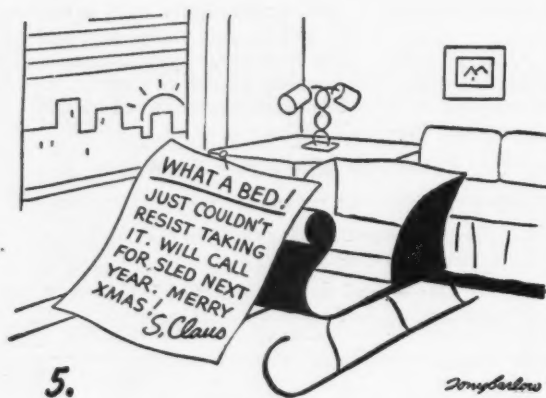
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WHAT IKE CAN DO ABOUT KOREA

Hotter War—More Asian Troops—Raids by Chiang—China Blockade

General Eisenhower faces this situation in Korea:

Fighting man power—Communists, U.N. are about evenly matched in numbers on the ground.

Air power—We're leading the attack, but enemy still has a numerical edge in planes.

Sea power—The strength is on our side.

It's still a real war, and peace is not in sight. Can Eisenhower come up with something new, find a fast, sure road to victory? Here is a detailed outline of possible solutions and what could come out of the President-elect's trip to Korea.

What can Eisenhower really do about Korea? That question, more than any other, is being asked at this time by military planners, U. N. officials, and people throughout the country.

The answer is military, diplomatic, economic—and vitally important to this country's dealings with the Communist world in the critical four years ahead.

It involves finding a new approach to the war that will solve several problems at once, and do it without involving U. S. in a much bigger war.

The big problems are these:

Military. U. S. forces are stalemated and pinned down in Korea. They cannot apply enough pressure, under present policies, to force a truce. Nor can they be pulled out for use if trouble breaks out elsewhere. U. S. casualties, meanwhile, continue to mount.

Diplomatic. Korea is only part of a bigger conflict in East-West relations. Its solution, to be successful, must not compromise the West's future chances in Indo-China, Malaya, Europe, in the U. N., in any war that may lie ahead.

Public opinion is important, too. Propaganda victories are being won over Korea by the Communists, even though they did the invading. War's solution must be on a moral basis acceptable to the West, not one that would justify invasion to the Communists.

Economic. The amount of money and effort required is basic. Costs of running

the war now run high in the billions, dollars which cannot be spent elsewhere or saved. Supplies and equipment used in Korea, in turn, cannot be sent to Europe or stockpiled. Any increase in the cost of war, thus, will complicate this country's budget at home and lessen aid to friends abroad.

Any new approach to war in Korea must deal with these three problems.

With them in mind, you get a strong inkling of what Eisenhower's decision will be in the careful survey of the possibilities that follows.

What can be done, good or bad, is listed by responsible military men as these alternatives:

Bigger war, extended in scope and intensity, is one possible choice. That could mean bombing of Manchuria,



SEOUL GREET EISENHOWER
... with war's knotty problems

—Wide World

COST OF KOREA: Compared With 'Big' Wars

World War I

364,800
U. S. casualties

World War II
(Pacific)

Estimated for
first 2½ years

105,000
U. S. casualties

Korean War
First 2½ years

128,000
U. S. casualties

Photo: United Press

blockade of China, attacks on supply lines in China, invasion of the Chinese mainland, a big U. S. offensive in Korea. This is favored by some military planners as necessary to win.

Hotter war, stepped up in intensity but confined to Korea, is another possibility. The idea here is to drive Communist forces either back to the narrow neck of Korea or to the Yalu River by a big new push on land, supplemented by amphibious "end runs" and airborne attacks behind the front lines.

A diversion effort, designed to pull Chinese troops out of Korea, is a third alternative. Chiang Kai-shek's divisions

now on Formosa, for example, could be landed in strength near the Chinese port of Tientsin, where they would be only 70 miles from the Communist capital of Peiping. Chinese Communists, with their best armies in Korea, then would face a good possibility of losing their capital city if those armies were not at least partly withdrawn to defend it.

A shift to South Koreans to man all Allied front-line positions already has been suggested by General Eisenhower as another approach. This would take time, maybe several years, but has one big advantage in addition to saving American lives—with Asians fighting

Asians in Korea, Moscow would have far less incentive for continuing the war and might quickly agree to a peace.

Use of other Asians is possible, too. The Japanese have millions of trained men who were good soldiers in World War II. Large numbers of Filipinos might be available. There are about a half million trained and equipped Chinese Nationalist troops available on Formosa. From a strictly military standpoint, these troops might provide the man power needed to win in Korea.

Withdrawal from Korea, finally, is the only other basic alternative to the present deadlock, as U. S. military off-



COST OF KOREA: In Dollars Spent by U.S.

Direct cost, so far, is more than
15 billion dollars



Indirect cost has involved doubling
the cost of Government, from 40 bil-
lions a year before Korean war, to 80
billions this year



COST OF KOREA: In Allied and Enemy Losses

Allied
Losses

294,000

U. S., 128,000
Other U. N., 11,000
South Korean, 155,000

Communist
Losses

1,800,000

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cials see it. This could be done either by agreeing to Communist truce terms and leaving Korea divided, or by merely pulling out and letting the Communists take over.

Those, in brief, are the possibilities. To end the stalemate, Eisenhower must pick one, or choose an approach combining two or three of the alternatives. Each has its advocates. Each has some military logic behind it.

Only one thing is certain—a greatly expanded war has been ruled out by the General.

Behind the decision that Eisenhower finally will make are the basic facts

about the real war situation now. These facts are what the President-elect is to get in Korea, in detail. They are given, in condensed form, in the charts on these pages.

As the facts apply to his decision, they add up to this:

Joint war effort narrows down the list of practical solutions. The choice, in other words, must be acceptable both to this country and its Allies. Use of Japanese troops, for example, would be unacceptable to the South Koreans. Withdrawal from Korea entirely would be unacceptable to most Americans. An invasion of China by U. N. armies would

be unacceptable to this country's U. N. Allies.

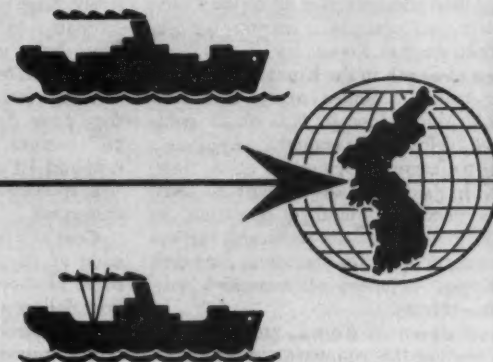
Men under arms, on the Allied side in Korea, no longer are greatly outnumbered by Communist troops. Their strength now is about 450,000 U. S. and other U. N. troops, plus 450,000 South Korean troops, for a total of about 900,000 men. Communist forces are estimated officially as totaling about 1 million men. The man-power problem thus is less crucial than it once was.

South Korean strength has been increased by 55,000 men in recent weeks. The South Korean Army, well trained and fairly well equipped, is manning

COST OF KOREA: In Supplies and Equipment From U.S.

Gas and oil shipped to Korea
12,223,413 tons

Ammunition, guns, trucks,
supplies shipped to Korea
20,314,952 tons



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Campaigns of the War in Korea



INITIAL RETREAT, beginning with the attack by North Korean forces on June 25, 1950, and ending, after 2½ months of bitter fighting, at the Pusan "perimeter."

U. N. OFFENSIVE, the big drive that started on September 16 after the landing at Inchon and pushed up to the Yalu River in a two-pronged attack designed to end the war.

CHINESE INTERVENTION, with Chinese Communist forces swarming down from Manchuria on Nov. 3, 1950, to drive U. N. armies back to and beyond the 38th parallel.

U. N. COUNTEROFFENSIVE, started on Jan. 25, 1951, to halt the Chinese drive and push the enemy slowly back across the parallel in most sectors.

COMMUNIST SPRING OFFENSIVE, the last big Chinese push, begun April 22, 1951, in an effort to break through the newly strengthened U. N. line and take Seoul.

U. N. SUMMER-AUTUMN PUSH in 1951, launched on July 9, just before truce talks began, in a drive to straighten the battle line for a final settlement.

SECOND KOREAN WINTER, with grim fighting on a limited scale from Nov. 28, 1951, to April 30, 1952, to keep up military pressure during truce talks.

BATTLE FOR THE RIDGES, since May 1, with no big gains or losses but a big increase in the tempo of fighting and the rate of casualties taken by both sides.

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roughly 60 per cent of the front line. It can be increased by about 1.2 million more youths now available for draft, out of a population of 20 million.

Air strength, in which U. S. appears to have the edge in Korea, actually shows the Communists with a numerical advantage. Allied strength in the air totals about 1,800 planes—1,200 of them Air Force and Marine shore-based aircraft, and 600 of them naval aircraft. Communist strength is estimated officially as 2,500 planes, or 40 per cent more than Allied strength. Not all of the Communists' air potential, apparently, has yet been used in Korea.

Sea strength in the Korea area, on the other hand, is almost solely U. S. and British. With close to 300 major combatant ships and enough amphibious craft to carry a regiment at a time, U. N. has sufficient sea strength to carry out a good-sized landing operation, to blockade enemy coasts, to furnish carrier-borne air support for operations far north in Korea, to meet all potential submarine threats.

Tied down in Korea, meanwhile, is the cream of this country's combat forces—six Army divisions and one Marine Corps division, all experienced, highly trained and fully equipped. In the event

of serious trouble elsewhere in the world, the American "first team" thus is pinned down in Asia by the Communists' "second team." Armies in action cannot quickly be pulled away for other operations the way air forces and navies can be.

Destruction in Korea caused by bombing alone also must be considered. U. S. planes can be used very effectively against Communist armies, while Communist planes have not yet made any real attacks on Allied ground forces. Already American aircraft have caused an estimated 181,000 Communist casualties. They have wrecked 62,400 enemy vehicles, 1,270 tanks, 9,000 railroad cars carrying combat supplies. In addition, they have destroyed 89 supply dumps, 883 bridges, 1,361 buildings, 920 tunnels and 10 power plants. Their destructive power for future operations is enormous.

Cost of conducting the war in Korea, even at its present level of activity, is high. That cost is running at about 7 billion dollars a year in direct outlays. It involves several times that much in indirect outlays for the mobilization effort required. And it involves using up materials in great quantity—about 400,000 tons of gasoline and oil and 600,000 tons

of other supplies each month, for one thing.

In terms of American dead, it has recently been costing 700 lives a month.

Ground rules under which the present war is being fought are part of the picture, too. Enemy supply lines in Manchuria may not be bombed. Enemy air bases just across the Yalu River may not be attacked. Enemy headquarters in Peiping may not be struck. Enemy shipping may not be blocked. An Allied U. N. army on Formosa, bigger than the U. S. army now in Korea, may not be used in spite of offers to fight. Factories which make enemy planes and equipment belong to another "friendly" U. N. power, and must not be bombed. The homeland of the enemy army must not be invaded. Instead, it must be "protected" from forces allied to the U. S. on Formosa.

It is these basic facts about the war that Eisenhower now is getting, and that will have a major influence on his decision.

What Eisenhower will do in trying a new approach, on the basis of those facts, can be surmised in broad outline, if not in detail. The probability that you come up with is this:

No big expansion of the war is in the cards. The cost would be too great—in dollars, in additional forces required, in casualties.

COST OF KOREA: In

Communists have lost
754
planes



Destroyed 640 planes
Probably destroyed . 114 planes

Use of more South Korean forces certainly will be tried. That will tend to release the U. S. "first team" from its pinned-down position in Korea. Most of the South Korean youths now available probably will be drafted.

Release of Chiang Kai-shek's forces from Formosa is to be given serious consideration. Those forces may be turned loose to create any diversion that they see fit on China's mainland, with or without official U. S. backing.

Blockade of China has a better than 50-50 chance. That would further cut the flow of supplies to Communists from Europe, with the overland supply route limited by the relatively low capacity of Russia's Trans-Siberian Railroad.

A naval blockade at Suez for Communist ships may be begun as an auxiliary to any blockade of China. This could complicate the Communist problem of getting war equipment from Europe.

Use of U. S. air power and sea power in the war is certain to be continued, probably will be stepped up in order to assist South Korean troops on the ground.

Use of U. S. ground forces will be curtailed gradually. That will follow the increase in South Korean strength. U. S. Army, however, is not likely to be withdrawn completely until war ends. Several divisions will be kept there as a backstop



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in any case, unless bigger war breaks out elsewhere.

A propaganda offensive is likely to be started on a large scale, meanwhile. Its aim will be to get the truth across to the Chinese people and the Chinese Army, that they are being used to pull Russia's chestnuts out of the fire in Korea. That could result in a Korean truce that is not dictated by Moscow.

A military offensive by the South Koreans is a possibility, too, after their Army is built up. That could take the form of another "Inchon operation" supported by U. S. sea and air power.

Use of Japanese troops in the war is out, definitely. So is the use of a large Filipino force.

Withdrawal from Korea, of course, is not being considered. After 2½ years, there is too much at stake.

Armistice, not a clear-cut military victory, will remain the aim. That decision apparently was made by General Eisenhower several months ago. It is only the means of getting an armistice that is to change.

New weapons are not likely to enter into war calculations in the foreseeable future, either. That applies to atomic artillery, A-bombs, H-bombs and nerve gases alike. Their tactical advantage

would be limited in a Korean type of war and their capabilities are to be kept secret as long as possible.

Bombing of military bases, airfields and supply lines in Manchuria becomes a possibility, however, under Eisenhower's new approach. That certainly is to be considered, probably authorized if Communists resume large-scale operations.

Those are the probable outlines of Eisenhower's forthcoming decision. They point to a definite shift in the way war is conducted in Korea. They mean that U. N. will be prepared to go on the offensive at sea, in the air and on the propaganda front. Blockade is likely to bring the war home to China. A diversion effort, if made by Chiang, will bring the fighting to Chinese soil. An expanded air war could bring destruction to Manchuria as well. In time, a major South Korean operation could put U. N. on the offensive on land as well.

The prospect, thus, is for General Eisenhower to shift the big fighting role to the South Koreans, while increasing pressure on the Communist Chinese in other ways. If so, he will give the enemy a greater incentive to end the war and will cut U. S. casualty rate in the process. The facts, at least, point that way.

EA. In the Air War

Allies have lost
**1,254
planes**



U. S. Air Force 664 planes
Marine Corps, shore-based . 91 planes
U. S. Navy 430 planes
Other U. N. air forces 69 planes

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HOW A REPUBLICAN CAN GET A JOB

It Isn't to Be Easy—Openings Will Be Scarce

An abundance of talent is on hand for Republican jobs—more than Ike has places for. Patronage headaches are coming.

A new system of dispensing jobs is being used. National Committee isn't going to have its traditional role under Ike.

Careful screening is the key. Politicians who expect the "gravy train" to roll come January might as well forget it now.

NEW YORK

A Government job has become the objective of thousands of citizens since Gen. Dwight Eisenhower's presidential victory. At Ike's New York headquarters, hundreds of applications are received daily. In Washington, Republican Senators and House members are deluged with similar requests. Most of the letter writers, however, are doomed to disappointment.

The simple fact is that there are far more applicants than jobs. Beyond that, in most cases, the applicant's political credentials must be in order. His job request must go through political channels, now being established. It is readily acknowledged at headquarters that those who simply write in, asking for a job, probably are wasting their time, ink and paper.

Although there are more than 2.5 million Government employees, all but a comparative few have a firm hold on their posts through Civil Service or other job-security systems. No more, perhaps, than 2,500 positions may be open to Eisenhower appointees immediately. Over a period of months or years, there may be places for 25,000—but no more than that.

Patronage is important—and sometimes embarrassing—to every Administration. After victory at the polls comes the earthy problem of rewarding the party faithful and others who contributed to the victory. Methods for handling this problem under the Eisenhower Administration are firming up.

Cabinet and other top-level ap-

pointments are Ike's own and are made after consultation with such advisers as Herbert Brownell, Jr., who is to be Attorney General, and Governor Sherman Adams, of New Hampshire, who is to be Assistant to the President. The only political endorsement necessary is Ike's approval. Under Secretaries, Assistant Secretaries, deputies are to be chosen by the Department heads, again in consultation with the General and his group.

From that point downward, the Republican patronage problem is something new. After 20 years out of office, the party is finding new sources of men and women for appointment to key and lower jobs. The character of the Eisenhower campaign is fixing the pattern of the patronage system.

Governors. There were 25 Republican Governors before the election and the number now is 30. Of the 25, 21 were for Ike before Chicago. They were a prime influence in his nomination. They formulated the "fair play" resolution that unseated pro-Taft Southern delegates.

In recent years, the only Republican patronage has consisted of State jobs, conferred by these Governors. They have built up organizations, administrative as well as political. The members of their staffs are regarded at Ike headquarters as a reservoir of readily available men, trained and experienced in government administration.

This reservoir is to be tapped, in particular, for officials who, a little below

the topmost levels, will be given responsibility for the smooth day-to-day functioning of bureaus and agencies. Governors' recommendations of men for federal posts are expected to be cleared through Governor Adams, who knows most of his fellow Governors well through the periodic meetings of the Governors Conference.

Amateurs and others. Another big potential source of appointees lies in Citizens for Eisenhower-Nixon. Some 16,000 of these clubs were formed with over 2 million members. The clubs were very active. Ike gives them and their enthusiastic activities a major share of the credit for his victory, especially in the South.

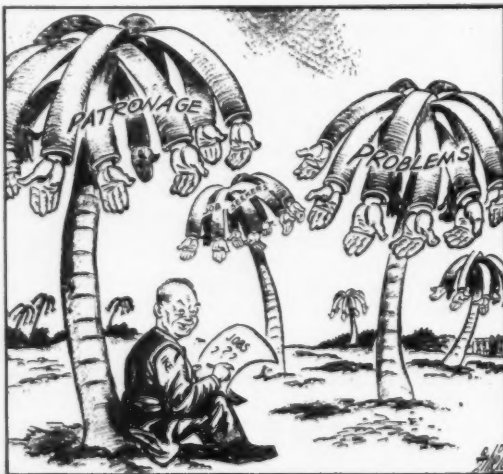
Club membership included hundreds of Democrats as well as Republicans. There were numerous first voters. Very few of the workers had had any previous political experience. Now, their only political endorsement lies in the club organizations. Some want jobs. And Ike wants some of them for jobs.

Walter Williams, a Seattle real estate man, headed the Citizens' clubs. Where jobs for members are concerned, Ike probably is to deal through him. In addition, Mr. Williams is eager to give the clubs a permanent status, particularly in the South, and weld them into the Republican organization. Jobs could help in achieving that end.

The National Committee. The National Committee of the party usually is the dominant force in selecting appointees. Names of party workers are submitted by party leaders in city, county and State committees, to be cleared at the top.

As things are shaping up now, however, the Republican National Committee is taking a collateral position, beside the Governors and the Citizens' clubs. In many States, the party organization is dominated by Taft groups. Ike promised at Chicago that there would be no discrimination against these Taft workers.

So names will continue to be passed upward for jobs. The National Committee has been assured that in such cases it will be listened to. But an unusual factor is developing in that, before appointments are made from the other groups, the names will be given to the Committee and passed downward



'IN THE SHADE OF THE ITCHING PALMS'

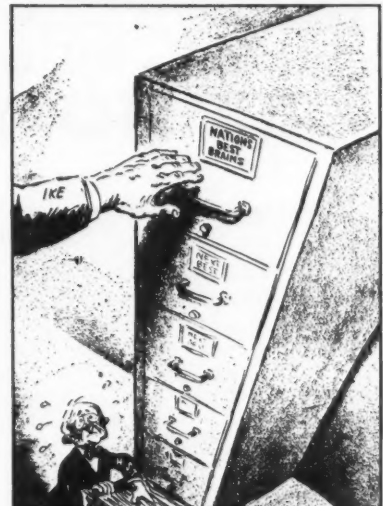
—Thiele in Los Angeles Mirror



'IN WASHINGTON, NEARLY EVERYBODY'S READING WANT ADS'



'THINK THIS IS TOO SOON TO HANG 'EM UP?'



'GOING TO THE TOP DRAWER FOR TALENT'

for political clearance at the local home-town level.

Congress. As Eisenhower people size up the developing situation, the influence of Congress on patronage, once formidably great, probably is to diminish. The feeling is that the election was a personal victory for Ike, that he has obligations to only a limited number of Congressmen.

How much patronage helps the Congressmen is an old argument.

Some feel that being able to give out jobs makes many votes on Election Day. Others fear that, for every job bestowed, there are a number of disappointed office seekers who become potential political enemies. Nevertheless, preponderantly, Congress is always eager for patronage.

With their numerous job requests, Republican Senators and House members already are asking the departments and agencies for lists of jobs that may become available for political appointment. This has been done before when a new Administration was moving in.

In this case the inquiring Congressmen are interested primarily in federal jobs within their States, into which constituents may be fitted without the necessity of moving to Washington. (Of the federal job total, only some 250,000 are in Washington; over 2 million are scattered about the country and about 178,000 are overseas.)

The expectation is that, regardless of present attitudes, the Eisenhower organization will find that Congress must be heeded where jobs are concerned. Otherwise, bad congressional relations may result. Many appointments must be confirmed by the Senate. And Senators traditionally expect to be consulted by the



REPUBLICAN BROWNELL
... too many applicants

executive branch in the selection of federal judges and other top-level officials for service in their States.

If these Senators are not consulted, they can and have made serious trouble about confirmation.

The Civil Service. At Ike headquarters there is a healthy regard for the Civil Service. The General has promised that it will not be raided. The prevalent attitude is that you cannot replace an experienced Government worker with a hack whose only qualification is a politician's statement that "he's a friend of mine."

There will be, however, an effort to weed out the inefficient and the incompetent. The feeling of those about General

Eisenhower is that employees of the Government are honest, that they, more than any others, have been distressed at the scandals attributed to their superiors.

As a regular thing, some 25,000 Government employees are fired for inefficiency each year. And these dismissals generally are upheld by the Civil Service Commission, to which the discharged worker has the right of appeal. Such firings, however, do not open up jobs for political appointment. Replacements for the discharged employees must be chosen from those who have qualified by passing Civil Service examinations.

Investigation. Everyone who gets a job is to be thoroughly investigated. The attitude is that, after the irregularities of the Truman Administration and Ike's promise to clean up the "mess in Washington," the General cannot afford to make a single slip.

Ike's associates are fully aware that "a scream will go up" from many party leaders when the effect of such investigations is known. But they are determined to take every precaution to assure that the appointees are people of honesty and character. They figure that this is a protection they must give to the General.

Any such uproar, however, is expected to be mild by comparison with that which will be heard when there is a full realization of how very few jobs there are to pass around.

"After 20 years out of office," one Ike man says, "every politician and his brother thinks a gravy train is being coupled up in the freight yards. They could not be more wrong."

THE STORY OF COMMUNISM IN U.N.

EDITOR'S NOTE: What is behind the recent headlines about American Communists in high places in the United Nations?

For a discussion of this and related questions, the editors of U. S. News & World Report invited to their conference room Robert Morris, special counsel of the Senate's Internal Security Subcommittee. This group, which is a part of the Senate Judiciary Committee, at present is headed by Senator Pat McCarran (Dem.), of Nevada.

Mr. Morris began looking for subversive activities in 1940 as counsel for a committee of the New York Legislature investigating the schools—the Coudert Committee.

In the war he was officer in charge of the Communist-Soviet Desk of Counterintelligence in Naval Intelligence for the Third Naval District,

and later in charge of the Advance Psychological Warfare Section for Admiral Chester W. Nimitz in the Pacific.

The "Paul Robeson riots" near Peekskill, N. Y., in 1949 called Mr. Morris into service as special assistant to the district attorney of Westchester County.

And in 1950 he was counsel to the Republican minority of the Tydings Committee, in the Senate's inquiry into the charges of subversive elements in the State Department made by Senator Joseph R. McCarthy.

For the Internal Security Subcommittee, Mr. Morris has guided the investigations into the Institute of Pacific Relations and into subversive influence in the schools, as well as the current United Nations study.

Q What is the reason, Mr. Morris, why the McCarran Committee delved into an investigation of the personnel of the United Nations? Isn't the U. N. more or less sacrosanct like an embassy or legation?

A Possibly atmospherically that may be the case, but actually many of these people who are American citizens working in the Secretariat and the specialized agencies of the U. N. have, for many years, been suspect by the various loyalty agencies of the United States Government. Some of them have been under congressional charges. Some of them have been well known as people of very pro-Communist persuasions. And Senator McCarran has taken the position that, as long as they remained American citizens and engaged in subversive acts against the United States Government, they could be the object of inquiry by the Subcommittee.

Q Do these people who have been investigated hold high rank?

A Yes, almost all the people we've had before our Committee are not supernumeraries by any means.

In two cases, they were head men in their divisions. In some cases, they were heads of their sections.

Take the case of Jack S. Harris, who was the second official in the Research Section of the Trusteeship Division. Harris was in the Office of Strategic Services for the United States during the war, in charge of military intelligence for South Africa. When asked whether while holding that post he was a Communist,

Harris refused to answer on the ground that his answer might incriminate him. He also declined to say, on the same grounds, whether he was then, while testifying, or ever before had been a Communist.

There was also the case of Alfred J. Van Tassel, chief of the Economic Section, Special Projects Division of the Technical Assistance Administration, earning \$12,840 a year, who likewise refused on constitutional grounds to tell the Committee whether he was presently a member of the Communist Party.

In all, more than 15 of these officials refused to answer questions and invoked their privilege.

Q Who were some of the others?

A Joel Gordon, chief of the Current Trade Analysis Section of the Division of Economic Stability and Development, also refused to say whether he was presently engaged in subversive activities against the United States, whether he had engaged in espionage, or whether he was a Communist.

Q Was Gordon ever a U. S. Government employee?

A Yes. Among other important positions, he had been chief of the Yugoslav Branch of UNRRA.

Q These people you speak of in the U. N., are they American citizens?

A These are American citizens who are employed, for the most part, by the Secretariat. A few of them are working for some specialized agencies.

Q But we can't touch these people because they are employees of the U. N.—is that right?

15 High-Rank Americans Silent on Party Ties . . . Most Had Held Good U. S. Jobs . . . FBI Files Ignored

A Quite the contrary. The Subcommittee has taken a very firm position that as long as they are American citizens, and as long as the subject matter is subversion committed against the United States Government, the Subcommittee has jurisdiction over them.

Q *Investigation jurisdiction. But is there any kind of power to prosecute them for anything other than perjury?*

A If any of them commits perjury before our Committee, he can be indicted by a grand jury. The Committee cannot indict. If we bring out evidence that he has broken a law of the United States, he can likewise be indicted by a jury.

Q *Then he has no immunity simply because he works for the U. N.?*

A That is right. The Committee is very firm in taking the position that just because a person works for an international body he does not acquire any immunity from investigation or prosecution.

Q *How long has this U. N. investigation been going on?*

A The Subcommittee commenced its investigation of the U. N. personnel approximately in May of this year.

Q *Was there any way to accomplish this other than by a committee hearing? Couldn't it have been turned over to the Justice Department, to the FBI?*

A That is a very good question. The Committee will not go into an investigation if there is no need of it. Now, in the case of the subjects of the U. N. investigation, their subversive records, in all cases, were known to the FBI for years, and in most cases have been known to the State Department for years. In fact, many of these U. N. officials—and these are top officials, not supernumeraries—were called before the federal grand jury in New York last spring and summer, and while they were before the federal grand jury they invoked their constitutional privilege against testifying on the grounds that the answer might incriminate them. Now, we do know that the top leaders of the U. N. learned that this was the case and yet did nothing until many months later when the Subcommittee held its open hearings.

Q *Who was the official who started the presentation of this evidence to the grand jury?*

A Roy Cohn, Special Assistant to the Attorney General, a very able and patriotic lawyer.

Q *Can you locate the month definitely when this thing started?*

A I would say it was April for the grand jury and May for the Committee.



ROBERT MORRIS

—Harris & Ewing

Q *So the U. N. top officials knew about this since April—they knew about this grand jury investigation?*

A Yes, and it is in our record—I remember reading Van Tassel's record today. Van Tassel said that he had testified before the federal grand jury and had informed his superior in the U. N. that he had refused to answer questions on the grounds that his answers might incriminate him.

Q *Who is Van Tassel?*

A Van Tassel is one of the top-level assistants in the Technical Assistance Program.

Q *What does that embrace?*

A Technical Assistance is probably one of the most important subdivisions of the U. N. right now. They have asked that the United States contribute many millions of dollars to the Technical Assistance Program so that they will be able to spend money throughout the world. It supplements and encompasses our Point Four program. The general thinking now, both in the State Department and in the United Nations, is that Point Four and all these international assistance organizations should be subordinated to the Technical Assistance Program in the U. N.

Q *When the U. N. leaders learned those things, did they act quickly on it?*

(Continued on page 46)

KATYN KILLINGS: THE REAL STORY

Use of Mass Murder to Extend Communism

U. S. investigators are pinning a colossal war crime on Moscow. That's the point of the news about the Katyn massacre.

Evidence, long hushed up, shows that Moscow, not Berlin, gave the order to slaughter Polish leaders in World War II.

Case is being kept alive as a warning to Communists: Don't try the same thing in Korea and expect to get away with it.

Mysteries surrounding the Katyn massacre are at last being solved.

The fate of 15,000 Polish Army officers and intellectual leaders, who disappeared after Russia and Germany divided Poland in 1939, is being disclosed officially by a special investigating committee of the U. S. House of Representatives.

Startling evidence shows that Russian secret police massacred the Poles. Behind the mass killings was a cold-blooded Soviet scheme to wipe out anti-Communist leaders and clear the way for ringing Russia with Soviet satellites.

Investigations now are growing beyond the mere solution of a hideous crime. Other questions are raised. Did U. S. officials help to cover up Katyn? Were there Communists in key places in the U. S., stealing Government reports that told the truth about Russia? Is a pattern of Communist conquest by mass murder showing up again in Korea?

Investigators are turning up with strong suspicions that Katyn was more than an isolated crime. More investigations by Congress are in the wind.

What happened to the Poles has been an international mystery. Germany, in 1943, found the bodies and accused Russia. Russia countercharged Germany with slaying the Poles while Nazi invaders held Soviet territory. The only clear fact was that at least 4,143 officers had been bound, shot and buried at Katyn, near Smolensk, Russia.

To find the real story, a House committee headed by Representative Ray Madden (Dem.), of Indiana, took sworn testimony abroad from foreign nationals. What the investigators learned from 400 witnesses and nearly 200 documents is shown, in part, in the chart on page 21.

Poland, mobilizing before Hitler attacked in September, 1939, drew Government officials, professors, lawyers, doctors—the brains of Poland—into the Army. As the Poles retreated, Russia grabbed Eastern Poland and bagged much of the Army.

Common soldiers were sent home. Officers were sent to special NKVD (secret police) camps—some 4,000 to

Evidence suggests prisoners from Ostashkov camp fill mass graves near Vyazma, or were towed into the icy White Sea in barges and sunk without trace.

After Hitler attacked Russia in June, 1941, the Soviet Union freed Poles still in her hands. Polish General Wladyslaw Anders, who had been in prison, began forming an army, but Polish officers couldn't be found. Committee witnesses



COL. JOHN H. VAN VLIET KNEW THE FACTS
Who "lost" his report?

Starobelsk, east of Kharkov; 5,000 to Kozelsk, southwest of Moscow, and 6,400 to Ostashkov, northwest of Moscow.

Every prisoner was interrogated frequently, usually at night, about his political views and attitude toward Communism. In April and May, 1940, prisoners were shipped away in groups of 200 to 300 a day. Except for 400, saved as possible converts to Communism, none was ever heard of again. Of the 400 survivors, 26 told House investigators what happened.

Kozelsk prisoners were hauled to Katyn, bound, and shot in the head. Survivors testify there is another "Katyn" near Kharkov for the Starobelsk prisoners.

testified that inquiries about the officers made to Lavrenti Beria, Soviet secret police chief, brought the reply: "We have committed a great blunder. We have made a great mistake." Other Russians gave different evasive answers.

Polish leaders who escaped both Germans and Russians had formed an exile Government in London. Stalin, under pressure from Western allies, recognized that Government in 1941.

Col. Henry I. Szymanski was dispatched by the U. S. as liaison officer to Polish forces in Russia. Russia refused him admission. Szymanski stayed in Cairo, and, as Polish officers emerged from Russia, he reported their tales of

slaughter and of Russian plans to communize Europe. His reports disappeared mysteriously in Washington.

Katyn's bodies were discovered by the Germans in April, 1943. The London Poles promptly demanded an International Red Cross investigation. Russia used this demand as a pretext to break with the London Polish Government. That cleared the way for a Soviet-controlled Polish exile regime.

Two days after the break, Admiral William H. Standley, U. S. Ambassador to Moscow, warned President Roosevelt:

"The Kremlin, in order to protect itself from the influences of the West, might now envisage the formation of a belt of pro-Soviet States."

U. S. policy makers, despite this and several other similar reports, continued to woo Russia. Roosevelt believed his "personal diplomacy" could save democratic government in Poland. At Yalta, in February, 1945, he got a promise from Stalin that free elections could be held in a month, but elections were delayed until Communists controlled the country, two years later.

More Army reports came to Washington, pointing to the Russians as the Katyn killers. American officers, captured by Germans, had been taken to Katyn. In the graves they found evidence the massacre was done long before the Germans seized the area and could have been carried out only by the Russians.

One officer, Lieut. Col. John H. Van Vliet, Jr., liberated in May, 1945, reported his findings at once to Army intelligence.

A "top secret" tag was hung on the report by Maj. Gen. Clayton Bissell, chief of staff of the intelligence branch. Van Vliet was ordered to keep silent. Bissell now explains secrecy was to keep from upsetting the agreement with Russia to fight Japan. Van Vliet's report was "lost" somewhere in high levels of Government. Bissell thinks he sent it to the State Department; the State Department says the report never arrived.

War-crimes trials at Nuremberg failed to settle Katyn guilt. Russia accused the Germans, then dropped the case. Supreme Court Justice Robert Jackson, who was chief U. S. prosecutor of war crimes, carefully points out that, since Nuremberg passed no judgment, the Katyn case is still open.

Trial of Russia before the International Court at the Hague on charges of murdering the Poles is not out of the question. Investigators, even before hearing Jackson's opinion that the case is not closed, were preparing for such a possibility.

Testimony taken under oath in London, Berlin, Frankfurt and Naples was also sworn to, in written form, before

Massacre In Poland



Soviet Technique Of Conquest

SEPTEMBER
1939

Germany invades Poland from west. Soviet marches in from east, imprisons 15,000 officers of Polish Army and Reserves—most of nation's leaders—and divides up Poland with Germany.

MAY
1940

Polish prisoners last heard from.

JUNE, JULY
1941

Germany attacks Soviet. Soviet recognizes Polish Government-in-exile in London.

1942

U. S. intelligence agent repeatedly reports Soviet plans to take over Europe. His reports are "lost" in Washington.

FEBRUARY
1943

Soviet turns back Germans at Stalingrad, begins advance.

APRIL
1943

Germans announce discovery of massacred Poles at Katyn, accuse Russians. London Poles demand investigation by Red Cross. Soviet breaks relations with London Poles because of demand.

JANUARY
1944

Soviet Commission to Investigate Katyn Massacre reports Germans committed massacre after capturing Poles in July-August, 1941.

DECEMBER
1944

Pro-Soviet provisional government takes over Poland.

FEBRUARY
1945

At Yalta, Poland is most troublesome subject discussed. Soviet finally agrees to quick, free elections in Poland.

1945-46

Soviet breaks promise on elections. Poland is sovietized.



BRITISH AND U. S. OFFICERS AT ONE OF KATYN'S MASS GRAVES
Was this slaughter only a hint of things to come?

—United Press

U. S. consuls. This puts evidence in the form of international depositions, acceptable by the International Court.

Congress can be expected to press further for the U. S. to indict Russia for Katyn, as the committee urges. Department of State officials are reported already sounding out Western allies on their support for such a charge.

Other disclosures before the committee suggest that pro-Soviet employees may have infiltrated the U. S. intelligence service during the war. The committee has evidence indicating Communists may have been responsible for disappearance of some reports pointing to Russian guilt at Katyn. This indicates that high-level softness toward Russia may have been based, in part, on lack of knowledge.

Some Congressmen intend, as of now, to demand a full investigation into whether Communists had—and may still have—a finger in U. S. intelligence. Present possibilities of infiltration recently were hinted at by Gen. Walter Bedell Smith, head of the Central Intelligence Agency.

Korean "Katyns" are a fearful possibility, in the view of the committee. Investigators suggest that Korean prison camps, where Communists hold U. S. and other United Nations prisoners, might be operating on the Katyn pattern of selective murder. In one official report, the Madden committee voices suspicion that "Katyn may well have been a blueprint for Korea."

Fearful parallels between Katyn and Korea, they believe, already are evident. There is a failure to account for many missing men, there are evasive answers to inquiries, and there is repeated refusal to permit Red Cross inspection of camps.

Atrocities are known in Korea. There have been occasional reports of U. S. troops' finding some of their fellow GIs bound and shot. War-crimes investigators are operating from Tokyo.

Proof of 365 atrocity slayings of U. S. soldiers in Korea was reported a year ago by Lieut. Gen. Matthew B. Ridgway. Other evidence, he said, suggested total killings may run as high as 6,000. This number corresponds roughly to the gap between Communist lists of 3,198 American prisoners in Communist camps, and 11,000 men missing in action when the lists were released.

Communists, explaining the discrepancy, said thousands of U. S. and South Korean prisoners died in camp of illnesses contracted because they would not take exercises. This sounds like a fishy explanation to some Congressmen who want to begin a Katyn probe of Korea soon.

Mysteries of Katyn itself now are solved. But investigation is disclosing newer and more urgent puzzles. The U. S. has not heard the last of Katyn.



At Hershey Chocolate Corporation,
the entries in customers' accounts
are posted quickly and accurately
on the Burroughs Sensimatic.

STANDARD BRANDS INCORPORATED

General ledger and inventory ledger
posting is done quickly and efficiently on
Burroughs Sensimatics at several
Standard Brands Incorporated plants.



Parker "51"

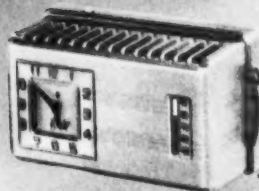
Sensimatic accounting machines speed
the preparation of a large volume of
customers' service ledgers and statements
for The Parker Pen Company.



BULOVA

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WHEREVER THERE'S BUSINESS THERE'S

Burroughs 



This is National Steel

Rolling "mile-a-minute" steel in one of the world's fastest mills

A great deal of the steel you use daily is first made in the form of sheets and strip. Much as the housewife's rolling pin changes a thick lump of dough into thin pie crust, the pressure exerted by heavy steel rolls in giant mills reduces chunky, red hot ingots to these sheets and strip, of precise thickness and width.

Many important uses require steel of extra-thin gauge. This is made by final rolling on a cold reduction mill, such as the one illustrated here by Peter Helck, at the Weirton Steel Company, division of National Steel.

This mill rolls thin-gauge strip steel at the rate of a mile a minute. It is the world's first mill built to operate at this speed. From it comes an average of more than 325 miles of quality steel every eight hours . . . enough, when made into tin plate, for more than 5,000,000 of the familiar No. 2 cans used in food packaging.

This gigantic unit is even bigger than the illustration indicates, for there is as much mill below floor level as above. Each of its five stands, or sets of rolls, has the over-all size of an average two-story house. Yet, through finger-tip controls, the mill's expert operators guide and govern its tremendous speed and pressures with complete safety and accuracy.

Through investment in more and more efficient facilities of this kind, America's gigantic steel industry has been able to make and *keep* steel one of your lowest-cost and most useful servants.

And constant pioneering in improvements in equipment, methods and quality of product is one of the things that has made and keeps National a steel leader—entirely independent, completely integrated, always progressive.

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CORPORATION
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SERVING AMERICA BY SERVING AMERICAN INDUSTRY

SEVEN GREAT DIVISIONS WELDED INTO ONE INTEGRATED STEEL-MAKING STRUCTURE



GREAT LAKES STEEL CORP.
Detroit, Mich. A major supplier of standard and special carbon steel products for a wide range of applications in industry.



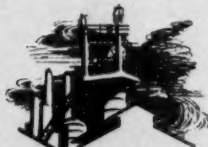
WEIRTON STEEL COMPANY
Weirton, W. Va. World's largest independent manufacturer of tin plate. Producer of many other important steel products.



STRAN-STEEL DIVISION
Ecorse, Mich. and Terre Haute, Ind. Exclusive manufacturer of famous Quonset building and Stran-Steel nailable framing.



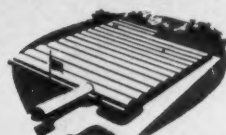
HANNA IRON ORE COMPANY
Cleveland, Ohio. Producer of iron ore from extensive holdings in the Great Lakes area.



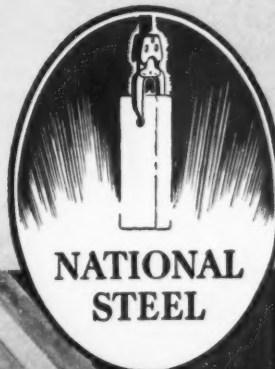
THE HANNA FURNACE CORP.
Buffalo, New York. Blast furnace division for production of various types of pig iron.



NATIONAL MINES CORP.
Supplies high grade metallurgical coal for the tremendous needs of National Steel mills.



NATIONAL STEEL PRODUCTS CO.
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ESSENTIAL



TO BOTH INDUSTRY AND AGRICULTURE



Roller Mill in International's Bentonite Clay Plant, Belle Fourche, South Dakota

cyclone hits bentonite clay

Engineers have tamed cyclonic force to produce swelling bentonite clay in the exact degree of fineness required for oil drilling, foundry bonding operations and other industrial applications. Bentonite, ground to uniform, accurate size, is swept from the mill by a powerful air stream into huge cyclone collectors. Here, under the full fury of air revolving at high velocity, the bentonite is removed from the air stream, ready for bagging and delivery. Carefully selected raw materials are mined, dried under precisely controlled temperatures and ground in roller mills to a fineness of 200 to 2500 mesh to obtain the quality, plasticity and uniformity essential for a variety of uses. As a result of product quality and large production resources, the Eastern Clay Department of *International* operates mines and plants that are the world's largest suppliers of foundry bonding clays.

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Trade Clash—Britain vs. Japan

U. S. 'in the Middle' as Dispenser of Aid

Here's a major headache for the new Administration—a fight between Britain and Japan for world markets.

Japan's trade is in a brisk comeback. Goods made in Japan are moving into British fields, bidding for Empire customers.

Britain is putting the squeeze on. U. S. problem is to help both allies gain strength without hampering either.

TOKYO

John Foster Dulles, as Secretary of State, is to find himself in the middle of a trade war between America's principal allies in the Far East and in Europe. Japan and Britain are at each other's throats in a bitter battle for world markets.

Britain, hard up and alarmed by Japan's recovery, is working desperately to check the flood of Japanese goods into normally British markets. Japan, struggling to rebuild her trade and obliged to restrict dealings with Communist China, is determined to regain markets in Southeast Asia and to get more markets in Africa, the Middle East and Latin America.

In this head-on clash, old antagonisms between these two allies of the U. S. are



DOCKSIDE IN JAPAN

... a bitter battle for world markets

coming to the surface. British Commonwealth countries are raising barriers against Japanese goods. British traders are making charges of cutthroat competition. The British Government is trying to keep Japan from getting most-favored-nation treatment. The Japanese are accusing the British of dirty dealing. Anti-British feeling is rising, fanned by a quarrel over whether Japanese authorities shall have power to punish British and Commonwealth troops for offenses committed in Japan.

The U. S., supporting both countries strategically and economically, is caught in the middle. The British accuse America of strengthening Japan's competitive

power with loans and aid. Japan demands that the U. S. oppose British restrictions against Japanese sales abroad.

Japanese competition already is squeezing the British. The sterling area, which Britain looks upon as her market, bought 244 million dollars' worth of Japanese goods in 1950 and more than twice as much in 1951. (See chart on this page). In the first seven months of 1952, more than half of Japan's exports went to this normally British market.

The British are feeling the pinch elsewhere, too. British producers complain that Japanese pottery is driving them out of the U. S. market. Japan is making a strong bid for customers in Southeast Asia, the Middle East, Africa and South America with textiles, electrical equipment, machinery, ships and a wide variety of gadgets.

Japan's fast comeback, especially in the last two years, alarms the British. Exports from Japan jumped from 510 million dollars in 1949 to 820 million in 1950, then shot up to 1.3 billion in 1951. Industrial output in the last two years has expanded by more than 40 per cent, to 140 per cent of the 1932-36 figure.

Japan's cotton-textile output, which especially worries the British, has more than doubled since 1949. Spindles have increased from 3.8 million in 1950 to nearly 6.5 million. Last year Japan exported more than a billion square yards of cotton cloth, and five eighths of it went to the sterling area.

(Continued on page 28)

Japan's Sales Abroad Cut Into British Trade



JAPAN EXPORTS \$820,000,000

In 1950, sales to normally British markets total \$244,000,000

In 1951, sales to normally British markets total \$562,000,000



JAPAN EXPORTS \$1,297,000,000

When you think of GLASS . . .



America can be proud of its Glass Industry!

This progressive \$900 million industry works every day to bring about new and useful developments in the glass field.

In the home, glass now goes into drapery and upholstery fibers . . . as well as television and radio tubes. Tinted glass for automobiles has been made to ease eyestrain. And in industry, there is even a new photo-chemical glass that can be cut with light!

In every way, the great glass industry is moving ahead to give us more comfort and safety in modern living. Last year's investment of \$380 million for new plants and equipment by the stone, clay and glass industries assures production capacity to meet demands.

The glass industry is one of the many major manufacturing groups served by Peoples First. Whether your banking problems are regional or national, Peoples First offers you an 89-year background of diversified financial experience. Peoples First welcomes the opportunity to serve you with complete facilities for your every banking need.

PEOPLES FIRST NATIONAL

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U. S. News & World Report

The Korean war is a big factor in Japan's spectacular revival. While Britain and other industrial nations in the West were switching some of their output to arms, Japan boosted production and exports of civilian goods. In addition, U.S. military forces pumped nearly 1 million dollars a day into Japan for goods and services needed in Korea and troops based in Japan. The country's exchange reserves have soared from less than 500 million dollars to more than 1.2 billion dollars, including 700 million U.S. dollars.

A shaky foundation underlies Japan's current prosperity, however. Although exports last year totaled 1.3 billion dollars, imports were far above that figure. Japan was able to end the year in the black only because of 640 million dollars of American military spending. But Ko-

by delaying Japan's admittance to the General Agreement on Tariffs and Trade (GATT). Japan, outside GATT, is denied the benefits of lower tariffs in effect among the 34 member countries.

Japan is being hurt by these measures. Mainly because of them, exports are down sharply, and the balance of trade with British areas has swung against Japan. British restrictions, together with an easing in world demand, are forcing the Japanese to trim their trade estimates. It seems likely that exports this year will be lower than last year, when all the figures are in, and that Japan will have to dig into dollar reserves to help pay for imports. If this keeps on, Japan is to look to the U.S. for more aid.

What the British fear is that the Japanese will start using sharp trade



JAPAN'S TEXTILE INDUSTRY
... it produces more cheaply than Britain's

rean-war procurement is tapering off. Where it averaged 30 million dollars a month last year, it is running at about half that rate this year and is likely to be even less next year. Thus, Japan is under increasing pressure to export more goods.

British countermeasures to meet this competition are becoming more drastic and are a matter of growing concern in Japan. British and Commonwealth countries recently have raised new import barriers aimed at Japanese products. The importing of Japanese textiles by Singapore, Hong Kong, West Africa and several other areas has been cut sharply or suspended.

Britain is trying to limit Japan's trade in other areas, also. This is being done

practices, including dumping. That is the argument for keeping Japan out of GATT. Already, there is a trend in Japan back to prewar practices. Trade monopolies and the old "Zaibatsu" business empires are regrouping. Government subsidies are in the cards for certain industries, shipping and steel in particular. The dominant political parties favor drastic overhauling of antimonopoly and labor legislation so as to modify or abolish reforms imposed by the occupation authorities.

Beyond that is the plain fact that the Japanese textile industry can produce more cheaply than that of Britain, the U.S. or any other industrial nation, because of efficient plant and cheap labor.

When you travel after dark— take it easy!



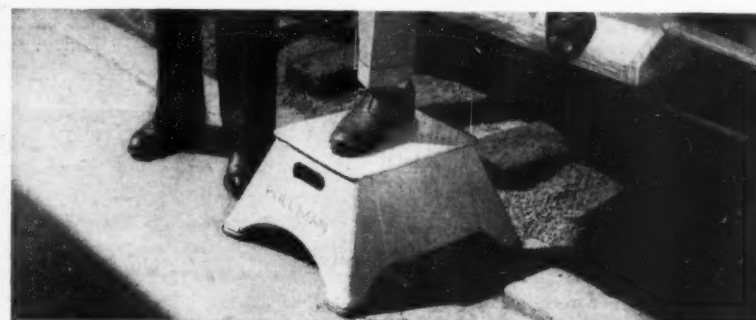
When you board a Pullman for an overnight trip, you can usually go straight to a waiting bed. And be-

cause a Pullman bed is so comfortable, you probably won't want to keep it waiting long.



Your Porter wakes you when you wish. You wash. You shave . . . and a hearty breakfast puts you on your

feet. By the time you return to your accommodation, you're all set for the busy day ahead.



You step off your Pullman in the heart of town, at the start of a new business day. You've had the easiest

of overnight trips. So it's natural to feel that you can look forward to a most successful meeting.

You make overnight trips easier on your family when you Go Pullman. They sleep, too, knowing you're traveling the safest way of all.

IT'S GOOD BUSINESS TO **GO PULLMAN**
COMFORTABLE, CONVENIENT AND SAFE

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The average worker in a Japanese textile factory makes only about \$30 a month. In some other industries, despite low wages, the inefficiency of plant and management makes production costs rather high. Japanese business circles are pressing for subsidies on raw materials and shipping, along with other special advantages, to help these industries compete in overseas markets. The British, thus, feel that their charges are well founded.

What the Japanese charge, on the other hand, is that Britain is attempting a squeeze play in order to keep their products out of British areas. Japan is demanding that restrictions on sales to these areas be eased. The Japanese want Britain to figure the pounds received from these sales at the free-market rate—around \$2.40—instead of at the official rate of \$2.80. And Japan wants to get into the GATT. Meanwhile, the two countries are close to an impasse in their trade relations.

The U. S. solution proposed for this problem of British-Japanese rivalry calls for an expanding market in Southeast Asia and other areas that are underdeveloped. The American idea is to increase consumption of goods by raising the standard of living through such development schemes as Point Four.

While this is a move toward a long-range solution of the problem, the results will not begin to show up quickly. Thus, this solution is not expected to provide both Japan and Britain with adequate markets very soon. Moreover, the solution itself is presenting new problems.

American planners believe that development projects in Southeast Asia—hydroelectric plants, irrigation, industrialization—should be carried out jointly by the U.S. and Japan. The U.S., as they see it, would provide part of the funds, while Japan would furnish capital equipment and technicians. But the British are reluctant to see Japanese experts and machinery get a strong foothold in Southeast Asia.

The outlook for both Britain and Japan, meanwhile, is one of deficits in overseas trade. These deficits, if they continue, are to weaken Japan and Britain so that they cannot carry out their roles in the build-up for defense against Communism.

More transfusions of American aid to Japan or Britain—perhaps both—may be necessary for some time. For the U.S. counts on a strong Britain as its principal ally in Europe and a strong Japan as its principal ally in the Far East. As things are going, Secretary Dulles is to have a hard job on his hands in trying to strengthen both of these allies at the same time.

Suburban Market: Up One Third

Half of U. S. Growth Is Just Outside Cities

Suburban living, more and more, is the trend. In 10 years:

Big-city suburbs in U. S. gained 9 million residents.

Metropolitan centers themselves picked up 6 million.

Other areas—towns, rural regions—increased only 4 million.

Upheavals in U. S. population, still going on, provide big new markets for thousands of businessmen, and new problems.

Movement of American families to suburbs of big cities now is being measured accurately for the first time by official population studies.

Nearly half of this country's population rise in recent years is shown to be in city fringes. New markets for businessmen are one result. New problems for Government officials, and for businessmen themselves, are another.

Big cities, excluding their suburban communities, have been getting less than a third of the U. S. population growth. All other areas—rural regions, small cities, and villages far from metropolitan areas—have gotten barely a fifth of this growth.

These significant changes in make-up of the population, roughly sketched in preliminary tallies of the 1950 census, are being measured precisely in final reports just being made. Importance of the shifts is underlined by the fact that for a majority of the sprawling metropolitan areas the same trends are continuing.

Over-all shift in the country's population is illustrated in the table on page 31.

Big cities—the so-called "central cities" in the 168 "standard metropolitan areas"—expanded their population 13.9 per cent in the decade ending in 1950. These cities, ranging in size from New York City to Laredo, Tex., had a growth of about 6 million persons in the period.

Suburbs of these same cities, at the same time, jumped in population 35.5 per cent. In 10 years, well over 9 million additional residents poured into fringe communities that in 1940 held fewer than 26 million people.

Other areas, meanwhile, failed to keep even the full population growth that tended to result from higher birth rates. These small towns and cities, and the rural lands around them, expanded in population by only 6.1 per cent in the decade. That meant an increase of fewer than 4 million people.

Results, in terms of people and markets for the products and services that people use, were these:

Suburban communities springing up around fringes of big cities, by 1950, already included nearly a fourth of the entire U. S. population and were continuing to swell. Back in 1940, they had less than a fifth of the total population.

Big cities themselves, in the same period, just managed to hold their proportionate share of the total population—about 33 per cent.

Other areas combined—those entirely outside the 168 metropolitan areas—actually lost ground in relation to the country. Their total share dropped from nearly 47.5 per cent in 1940 to 44 per cent in 1950, and continued to decline.

That, briefly, is the over-all view of the shift to satellite communities. It is the details of this picture, however, that point to specific new markets and to areas with new problems.

Biggest increases in population in the 168 metropolitan areas—which now

have about 85 million people—have occurred, on the average, in metropolitan areas that range in size from 500,000 to 1 million residents.

Houston and Dallas areas, for examples, increased by well over 50 per cent in population during the decade. Portland and Seattle were up by more than 40 per cent, while New Orleans and some other metropolitan areas expanded by about 25 per cent.

Growth of metropolitan areas of less than half a million population was second, while metropolitan areas of more than 1 million population had the lowest rate of growth.

Businessmen, looking for markets, will find, however, that not all of these big-city areas had population booms. Of 168 such areas, 162 boomed. But declines occurred in six—Altoona, Johnstown, Scranton, the area of Wilkes-Barre and Hazleton, the Duluth-Superior area and the Wheeling-Steubenville area.

Biggest suburban shifts, though, show up in cities of all different sizes.

In the Baltimore area, for example, the suburbs claimed 73 per cent more residents in 10 years while the city was growing by 10.5 per cent.

Suburbs of Jacksonville and Miami almost exploded, with population jumps of more than 150 per cent, while their central cities showed far more modest gains.



FIVE O'CLOCK RUSH—FROM CITY TO SUBURBS
Commuters live out of reach of city tax collectors

Fringe communities around Galveston, Ogden, Oklahoma City, Washington, Sacramento, San Diego, the San Francisco-Oakland area and the Norfolk-Portsmouth area all had gains of more than 100 per cent in the decade. New Orleans area was only a shade under that.

Even these gains are exceeded by growth in some specific suburban counties and towns around the country.

A section of Washington County, outside Providence, R. I., for example, jumped about 222 per cent. An area that had only 4,604 residents in 1940 had to accommodate 14,810 residents by 1950.

Norfolk County, Va., and Contra Costa County outside San Francisco both increased in population by more than 175 per cent. In Washington, D. C., suburbs, Falls Church, Arlington County and Fairfax County, Va., had increases ranging from 137 per cent to 192.5 per cent.

Face of the land around scores of big cities, as a result of these vast population shifts, is being altered drastically. Results, in many communities, are startling, and problems are insoluble in any short period of time.

School problem, for example, is baffling many a once-rural county. In Fairfax County, Va., the public-school population has doubled in seven years and, if growth continues at the present rate, will double again in another seven years. Right now, some 2,800 additional students are pouring into the county's greatly overburdened system. Those new students need more than 90 new classrooms each year. In Fairfax County, as in many similar suburban communities, a multi-million-dollar bond issue for school building funds is being followed quickly by a campaign for another big issue.

MORE PEOPLE—WHERE THEY ARE

	1940	1950	Per Cent Rise
Big cities	43,391,718	49,412,792	13.9
Big-city suburbs	25,887,957	35,087,888	35.5
All other areas	62,389,600	66,196,681	6.1

Other services, too, are a problem. Actual operating costs for such programs as police protection, education and health are difficult enough for many of these communities to pay. But this part of the problem is relatively minor. New tax revenues that come with new taxable properties—homes and stores and the like—usually can cover these operating costs.

It is the expense of providing millions of dollars' worth of new facilities—streets, roads, sewers, jails, libraries, health clinics and other buildings—that is swamping many a newly urbanized county. One Eastern suburban county, for example, now has more than 100,000 people in its urbanized section. Yet most of the urban section still is without a central water and sewage system.

City taxes are a newly magnified problem in many cases. With more and more of the typical metropolitan area's population residing in suburbs, beyond reach of city revenue commissioners, many cities are hard pressed to collect needed funds. The cities, in other words, are forced to provide all kinds of urban services for rural residents who pay no city property taxes. City sales taxes and pay-roll taxes, more and more, are

being turned to for solutions to this problem.

Political problems are complicating other suburban troubles. Control of many suburban county governments still is in the hands of rural elements who do not always agree with proposals for new schools and other programs, and who often are repelled by the price tags on new facilities.

Many suburban communities that solve this problem are left with an even more difficult one. They find that the State legislation they need to meet their needs—for new taxes, as an example—is not forthcoming from legislatures dominated by rural representatives. One or more Virginia suburban communities have no more than one fourth of their proportional representation in the State Assembly. A redistricting move, now under way, is expected to provide only a partial correction, while many other States are making no move to give full representation to city and suburban communities.

Trade competition, at the same time, is taking a new turn in big-city areas. The shift to the suburbs is disrupting many trade patterns.

Suburbs are providing bustling new markets for many retail dealers in consumer products and services, as more suburban families get the habit of shopping in their own communities. Streets are less crowded, and parking facilities more adequate. With new and bigger suburban stores, built in shopping centers that provide all kinds of products and services, shopping near home appears more and more attractive.

Downtown merchants, by the same token, are getting a smaller share of the metropolitan area's total trade. Shoppers shy away from streets that are jammed with automobiles, trucks and busses, and from districts with limited parking space. Evening openings, to help customers avoid congestion, and establishment of suburban branch stores help downtown dealers to compete. The problem, though, remains real for the city merchant.

Population upheavals are bringing startling changes to many a big-city area, but not in ways that prove pleasing to all residents of communities of all these metropolitan areas.



—Standard Oil Co. (N.J.)

PLENTY OF PARKING—AT SUBURBAN CENTERS

This kind of market makes for easy shopping

JET RACE: U.S. GETS UNDER WAY

Prize Is Commercial and Military Leadership

Race for the lead in building jets for commercial transport isn't to go to Britain by default. U. S. is jumping in.

It'll be five years before passengers will travel in U. S. jets. When the new planes do come, though, they'll come in numbers, carry 100 or more passengers, be long-range.

Right now emphasis is on building big jet bombers. Lessons learned there will go into use in building transports.

Reported from
SAN DIEGO and SEATTLE

A decision to jump in and make a real race with Britain for leadership of the world in commercial jet aircraft has now been made by U. S. aircraft companies.

Up to this time, the American aviation industry has been hanging back, watching as the British got further and further ahead in this important new field of aviation.

American companies now have a long way to go before they catch up with their British competitors in the race for jet supremacy. But the grand prize is a big one: domination of the air, militarily and commercially. That domination always goes to the nation with the best and cheapest airplanes.

For 20 years, the U. S. had the prize, with its piston-engine planes. Now, Britain is taking it away with jets. But U. S. manufacturers are setting out to overtake their rivals, and they're doing it without direct Government subsidy such as the British had.

The picture of U. S. jet progress is unfolding at the home bases of many U. S. aircraft companies. At two of these bases, the plant of Boeing Airplane Co. at Seattle, Wash., and that of Consolidated Vultee Aircraft Corp. at San Diego, Calif., you can see development of the two types of jets that shortly will appear on the American scene—"pure jets" and turboprops.

At Seattle, the Boeing Airplane Co. is building the first U. S. jet transport, a swept-wing four-jet plane. A test model

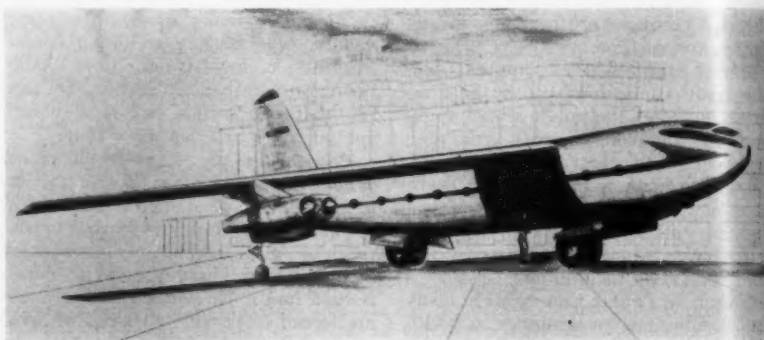
will be flying by mid-1954, a production model by 1956. The plan is to build three versions: a tanker for aerial refueling of tactical planes; a military transport; a civilian air liner.

This plane, which will not be available in numbers until 1957, will be the first U. S. "pure jet" commercial air-liner type. Britain, by contrast, got her first Comet jet liner in 1951. But the British lead is not quite as great as that comparison would indicate.

In design, the Boeing plane will not be a first-try venture into a new field, as was the first Comet. Instead, it will represent the essence of lessons learned in a seven-year effort to design, improve

ordered. Each is the equivalent, in production terms, of any four-jet commercial air liner. By comparison, Britain has nine Comet I air liners in service now. It hopes to produce 60 or 70 Comet IIs in 1955. Output of Comet IIIs is expected to be 40 or 50 in 1957, and maybe 70 in 1958. Britain's output of multiengine jet bombers is a secret, but output is very small.

The new Boeing transport will carry 80 to 120 passengers. It will cost an estimated 20 to 25 million dollars to develop. Much of this cost will come out of funds that otherwise would have to be paid by Boeing in taxes, figuring on the basis of tax rates now in effect and the



BOEING'S DESIGN FOR U. S. JET TRANSPORT
... things to come in 1957

and build in quantity the Boeing B-47 six-jet medium bomber and the Boeing B-52, an eight-jet heavy bomber that is the world's fastest aircraft for its weight and size.

Result is that this first commercial U. S. jet liner is expected to have performance and features equal, if not superior, to those of the Comet III, which will represent the third generation of the British jet-transport family. The Comet III, like the Boeing transport, will not be available in quantity until 1956 or 1957.

Production background for the new Boeing transport is important, too. When the time comes to try for mass-production, speed and economy in building these jet transports, the Boeing company will be aided by experience gained in the enormous B-47 production program, easily the most ambitious jet-production effort to date in any country.

More than 300 B-47s already have been built and more than 1,000 are

prospective Boeing income from its big backlog of Government orders.

Only in this way can Boeing or any U. S. company afford to develop a major new commercial transport at this time. The jet problem is arriving before the industry has digested the last big program of improving and producing piston-engine transports.

Between the end of World War II and January, 1952, U. S. aircraft makers spent 175 million dollars more on civilian aircraft than they got back from the buyers, the air lines. Now they are being forced to plunge on into the jet field before they have recouped their investment in recent piston-engine designs.

Boeing is the only U. S. company to have started actual work on a jet-transport prototype model, but other U. S. jets are coming along. Lockheed Aircraft Corp. plans a 600-mile-per-hour plane able to carry more than 100 passengers in a tourist or "coach" version.

Eastern Air Lines has studied the Lockheed design. Eastern wants 30 or more jet transports for service starting in 1957. It first went to Britain to buy some Comets, but the British would not promise delivery soon enough.

Douglas Aircraft Co. also is readying a jet-transport design, but has released no details on its ideas.

At San Diego, designers of Consolidated Vultee are convinced that turboprops are the logical next step, rather than "pure jets." Turboprop planes are powered by jet engines geared to turn propellers, instead of providing direct thrust to push the airplane forward.

Latest-model Convair piston-engine planes are all designed to take turboprop engines, when those engines become available. That's another point often overlooked in the U.S. jet picture. As soon as engines and gears are perfected, much of the existing U.S. transport fleet can be switched into an ultramodern jet-engine air-line system.

playing commercial jets is evolved in this country.

It does seem sure that jets will take over in the future. By 1960, passenger air traffic is expected to be 80 per cent over 1951 levels, and freight and mail traffic will be much greater. With jet transports able to carry 100 or more passengers, and to make twice as many flights in the same time as piston-engine craft, the easiest and best way to meet the big growth in air traffic will be with jet transports.

When the switch to jets comes, most experts agree it is likely to follow this pattern:

Turboprop aircraft will operate on short-range flights, such as on the New York to Chicago run, or San Francisco to Los Angeles. "Pure jets" will take over the medium-distance runs, such as New York to Miami. For years to come, however, piston-engine planes will be the main reliance for long hops over water, such as San Francisco to Honolulu.

LIFE AT 420 MILES PER HOUR:



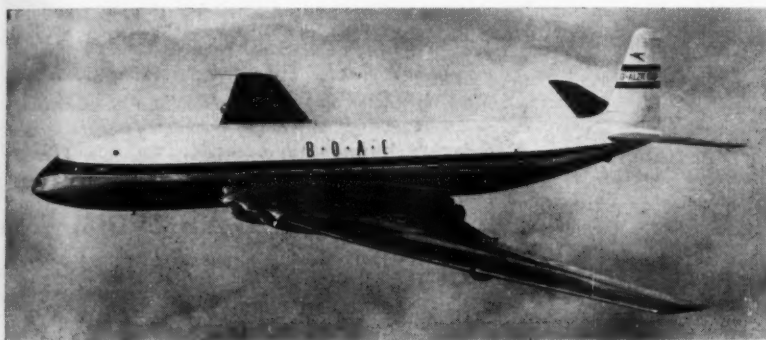
REST TIME: NO VIBRATIONS



LUNCH TIME: NO 'BUMPY AIR'



CARD GAME: NO ENGINE NOISE
... Britain's Comet is a hit



—British Information Services

BRITAIN'S DE HAVILLAND JET AIRLINER IN FLIGHT
... a "velvety ride" in 1952

A good turboprop engine, however, is proving hard to make. Britain has been working on turboprops for years. In the U.S., one engine ordered for a test-model turboprop plane ran only two hours in two months, was "down" for repairs all the rest of the time.

Along with turboprop projects, Convair is working hard on seaplanes adapted to jet power. At its San Diego plant, Convair is building a four-engine Navy turboprop seaplane that will operate at speeds higher than the fastest of piston-engine air liners. In the East, Glenn L. Martin Co. also is building a jet-powered Navy seaplane.

Seaplanes may make quite a comeback in the jet era, mainly because landing on the water can eliminate need for a whole new system of flight facilities that would be required for land-based jets.

The outlook thus is for plenty of experiments before a final system for em-

On those trips, proved reliability and fuel economy are the main needs, and piston-engine planes are tops on that score.

For passengers, jets will bring many changes. Passengers will ride in living-room quiet and vibration will be absent. Storms and "bumpy air" will be less noticeable because the jets will fly above the weather on long flights.

Passengers who have ridden in the British Comets, averaging 420 miles per hour, are generally loud with praise for the new "velvety" ride. Britain's jets, in fact, have captured the whole world's fancy and admiration.

The British jets now operating are fairly small, with a 36-to-44-seat limit. They will give operating experience, but they cannot carry enough passengers to show a real profit. By 1957, Boeing will have a big transport for the air lines. That is when the real jet competition will start. Stakes are high and the race will be a close one.

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Worldgram



FROM THE CAPITALS OF THE WORLD

NEW YORK....BAGHDAD....LONDON....PARIS....BONN....

>> Theory that Joseph Stalin is always several steps ahead of the West, that he never makes a mistake, doesn't look very good right now.

Stalin's handy man, Foreign Minister Andrei Vishinsky, has pulled what will probably rank as the prize boner for this session of the United Nations.

Here were U.S. and Britain sharply split over India's plan for a truce in Korea. U.S. looked to be all alone, deserted by its allies. Yet this was the moment chosen by Vishinsky for a violent denunciation of India's plan.

Result: U.S. and Britain have closed ranks. Vishinsky gave Acheson and Eden a chance to bury the hatchet in him, rather than in each other. India has been given a shove toward the Western camp. Russia, not U.S., now appears before the world as the one unwilling to negotiate for a peace in Korea.

>> Vishinsky's rebuke to India is particularly surprising.

India has been wooed by Moscow as the biggest non-Communist state left in Asia. Prime Minister Nehru has been careful to stay as neutral as possible in the "cold war." Indian diplomats have tried to avoid annoying Communist China, big neighbor to the north. India, mediator, is the role New Delhi prefers. It thought U.S. stubborn about Korea, clung to hope Moscow really wanted truce.

And now Vishinsky has slapped India in the face, ridiculed its truce plan.

>> Not many at the U.N. meeting were surprised that Russia rejected a plan for truce in Korea. U.S. diplomats have expected a Soviet veto right along. What did surprise the experts was Vishinsky's timing in saying no. It was this timing that took U.S. and Britain off the spot and humiliated India.

Question: Why was Vishinsky in such a hurry to torpedo India's plan?

Best guess: To rebuke India for daring to present a truce plan that went even part way toward U.S. wishes on handling prisoners of war. Had Vishinsky waited, India's plan might have won majority support, including many Asian and Arab nations Moscow wants on its side. Soviet veto then might have looked worse.

In addition.....There's a suspicion around the U.N. that Vishinsky acted when he did in order to break up a possible deal between India and China. There is some evidence that India's truce plan had the blessing of Communist China. If so, that would amount to a Chinese double cross of the Soviet boss. Moscow may therefore have ordered Vishinsky to move fast to teach Peiping a lesson.

>> What Vishinsky has demonstrated is that the Kremlin does sometimes make mistakes. Stalin is not necessarily smarter than everybody else. The boner at the U.N. may hurt more as time goes on. To help you keep the record straight.....

Stalin's pact with Hitler failed to stave off a Nazi invasion of Russia.

(over)

Stalin's opposition to Marshall Plan didn't work, either. Berlin blockade was another flop for Stalin. Guerrilla war in Greece turned into a U.S. victory. Korea, though no U.S. victory, forced U.S. to rearm, hardly in Stalin's plans. Stalin's U.N. maneuver reduces his chance of wooing Asians still on the fence.

>> Tide against Britain continues to rise in the Middle East.

Iraq, rich in oil, is the latest. It's starting down the path of Egypt and Iran. British oil holdings are at stake. So are two British air bases.

What's happening at Baghdad boils down to this:

The Army has taken over the Government of Iraq after police failed to put down riots in Baghdad. Rioters, among other things, attacked U.S. and British buildings. Now martial law is in effect. It may last a long time.

British, while uneasy, figure Iraqis won't go to extremes Iranians have, figure also that British-trained Army will keep things under control.

>> In Iraq, as in Iran and Egypt.....

British are handy scapegoats, can be blamed for almost anything.

Arab nationalism is active, a basic urge. Land reform is being demanded by poverty-stricken peasants. City workers hear talk of bigger oil revenues for Iraq, but don't see the results yet. Example of Egypt, where the generals have moved in fast, appeals to Iraqis unhappy about their own Government.

Election reform, in addition, is strongly demanded. It's the immediate issue. Communists agents, though outlawed, have helped stir up the trouble.

>> Irony of the blowup in Iraq is that within two or three years the Iraqi Government will be rolling in wealth, one of the richest in the Middle East. Under the 50-50 sharing of profits, oil royalties for Iraq are now 87 million dollars yearly; by 1955 will hit 165 million a year--more than double Iraq's current governmental budget. Along with this, Iraq has the land and water to raise living standards substantially. But Iraqi rioters are tired of waiting.

>> For a balanced look at Europe today, here is what U.S. business leaders representing the Committee for Economic Development have to report:

Britain: Basic problem is still inefficient production. Best plants are as good as any in U.S. Second-line plants are not. British need more capital, better management, more competition. High taxes cut into capital for investment. As to labor, its attitude is good. Workers aren't loafing on the job.

France: Things look better, but still no real stability, not while 60 per cent of worker's income goes for food. Distribution system in France is a mess --high markups, small turnover, little competition, twice as many retail stores as needed. High taxes have dried up capital market. Total tax take in France is 35 per cent of gross national product, against 27 per cent in U.S.

West Germany: A remarkable comeback since the war. Productivity rise of 4 to 5 per cent a year is the highest in Europe. Need is capital for expansion.

Western Europe, over all: Production 40 per cent above prewar; output per worker up, too. U.S. capital urgently needed. Inflation under control, result of supply increases, not governmental controls over prices, wages. World trade a major headache. Arms spending may have to be cut to ease tax burden, and to favor heavy industries vital to export trade. Little talk of war noticed, less fear of Stalin. Communist strength on the wane throughout Western Europe.



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IKE'S STAFF FILLS OUT: Adams Is Chief Aide . . . Benson—Farm 'Idea Man' . . . South Places a Woman

To be ready for a fast start on Inauguration Day, Gen. Dwight Eisenhower is filling out his Cabinet and naming other important officials. Among those chosen are:

➤ **Governor Sherman Adams**, of New Hampshire, as Assistant to the President.

➤ **Ezra T. Benson**, Utah farm specialist, as Secretary of Agriculture.

➤ **Arthur E. Summerfield**, Michigan businessman, as Postmaster General.

➤ **Oveta Culp Hobby**, Texas Democrat, as Federal Security Administrator.

➤ **James C. Hagerly**, former Dewey aide, as Press Secretary.

➤ **William P. Rogers**, former Senate investigating committee counsel, as Deputy Attorney General.

➤ **Maj. Gen. Wilton B. Persons**, retired, as presidential Special Assistant.

➤ **Arthur H. Vandenberg, Jr.**, son of the late Senator, as presidential Secretary.

➤ **Ivy Baker Priest**, Utah Republican National Committeewoman, as Treasurer of the United States.

Mr. Adams moves into the White House with possibilities of becoming, next to Ike, the most important and powerful individual there. Mr. Adams, 53, now Governor of New Hampshire, is to become Assistant to the President. The intent now is to give that title some meaning.

The Adams assignment is to reorganize, pull together and supervise the work of the agencies and people who report directly to the President. This means: the all-important Budget Bureau; the National Security Council, which regularly appraises diplomatic and military policy, tries to keep one supporting the other; the National Security Resources Board; the Council of Economic Advisers and the Psychological Strategy Board, probably others.

To these may be added the activities of the President's Administrative Assistants, and many phases of the work of the regular departments, whose heads sit in the Cabinet. Reports, recommendations for the most part, are to reach President Eisenhower through Governor Adams. Decisions, orders are to be transmitted through him. Chances are he will see the President more frequently than any other official.

"Chief of Staff." Ike likes a tightly knit, smooth-working organization under him. As an Army man, he is accustomed to delegating responsibility for such an organization to a single man, his chief

of staff, and giving him commensurate authority. In Europe, his Chief of Staff was Gen. Walter B. Smith; at NATO, it was Gen. Albert M. Gruenther. At the White House, it is to be Governor Adams.

The Governor, one of the earliest Ike-for-President men, held a similar position under the General throughout the campaign. The two went the whole campaign route together. Adams participated in all decisions, advised on where to go, what to say. On the campaign train, newsmen took to calling the Governor, Ike's "Chief

sentatives, running in one election on both Republican and Democratic tickets.

In 1944, as a Republican, he was elected to the U.S. House of Representatives, where he remained for a single term. In 1946, he tried for the Republican gubernatorial nomination, lost it in the party primary by 157 votes. Two years later he was elected Governor, and in 1950 he was re-elected.

Budget slasher. As Governor, Adams inherited a somewhat dismaying situation. There was a mounting deficit, a



THE PRESIDENT-ELECT WITH ASSISTANTS ADAMS & VANDENBERG
For the top White House staff: broader powers

of Staff." This unofficial title seems likely to follow him into the White House.

Adams is tall, trim, gray, a somewhat fastidious dresser. He is a solemn, hard worker who can be alternately abrupt and charming. There is about him a Yankee shrewdness and orderliness. New ideas must be given a rigid testing before he adopts them. Unlike most politicians, he shies away from personal publicity, a characteristic that may prove of value in the White House.

Vermont born, Adams served with the Marines in World War I and, after graduation from Dartmouth, went into the pulp and lumber business. In 1928, he moved to New Hampshire and 13 years later he turned to politics. He served three terms in the State House of Repre-

scandal in State contracts. He set about cleaning house. An "austerity budget" barred new taxes and took a deep cut in expenditures. A commission studied and formed a classification plan for State employees, private business engineers surveyed State departments and agencies, reform plans were adopted.

Governor Adams was of essential service to Ike in getting the Eisenhower boom started. New Hampshire's presidential primary was the first on the calendar. As long ago as last December, Adams called an organization meeting, set up the first Eisenhower committee to be formed in the country. Ike won the primary. Adams took the New Hampshire delegation to Chicago, joined the Eisenhower Convention leadership.

After the nomination, Ike sent for Governor Adams. The General liked the Governor's efficiency, his close-mouthed ways, his intense loyalty. He asked Adams to take a major part in the direction of the campaign. The Governor took leave of absence from his State duties in order to comply.

The Adams term as Governor expires in January. He did not seek re-election. In New Hampshire, two terms in the Statehouse are considered enough. Many had expected that there would be a Cabinet seat for Governor Adams. But, as Assistant to the President, he undoubtedly is to outrank the Cabinet members in power and prestige, if not in precedence.

In the Truman Administration, there has been the loosest of organization among the executive agencies. The heads of each and their administrative assistants report personally to the President, creating a drain on his time and energy that Ike is determined to avoid. Governor Adams, equipped with authority to change all this, is expected in many cases to find himself wielding some of the vast power of the Presidency itself.

Mr. Benson, in the Agriculture Department, may be expected to put more emphasis on finding new markets for American farm produce, and less stress on controls and subsidy payments. At 53, he has devoted his career to agricultural problems as a farmer and as a farm marketing specialist.

For years, too, Mr. Benson has been a leader in the farmer co-operative movement. Under the co-operative plan, farmers enter into a pool for selling their products and buying the things they need. Many co-operatives are untaxed by the Federal Government, a cause of frequent protest from enterprises that claim these organizations operate in competition with the farmer groups.

Mr. Benson's ideas on the farm problem are in general agreement with those expressed over the years by a number of Republican leaders. These have criticized Roosevelt and Truman policies as depending too much on production controls and subsidy payments.

Nevertheless, Mr. Benson, like General Eisenhower and the Republican platform, favors a continuance of price supports. But, where Ike has said such payments should be at 90 per cent of parity or more, Mr. Benson is not yet ready to use a percentage figure.

He has had a personal participation in all aspects of farming. Farm born, to Mormon parents in Idaho, he attended a Mormon academy and then specialized in farming subjects at Utah State Agricultural College, Brigham Young University and Iowa State College.

Marketing specialist. Then, for six years, he ran a livestock farm in Idaho and for one year served as a county



—United Press

FOR AGRICULTURE: EISENHOWER CHOSE BENSON

The central theme: expanding farm markets

agricultural agent. Next, he became a farm marketing specialist and extension economist at the University of Idaho. In that job he helped to organize co-operative movements and in 1939 became executive secretary of the National Council of Farmer Co-operatives.

Mr. Benson held this post until 1944, through war years when the national farm problem was not one of supporting prices but of producing enough to meet the abnormal wartime demand. After the war, he became chairman of the American Institute of Co-operatives. He also is a member of the executive board of the Boy Scouts of America.

In addition, Mr. Benson is a leader in the Mormon Church. In his youth, like many young Mormons, he was sent abroad to seek converts in Europe and the British Isles. For several years he has been a member of the Quorum of Twelve Apostles, the Church's governing body.

Originally, Mr. Benson was for Senator Robert A. Taft for the Presidency, permitted his name to be used as a Taft supporter. Then, he swung to Ike, but took little active part in the campaign.

He explained that his church duties precluded such activities. He never had met the General until called to New York to be offered the Agriculture job.

There is reason to believe that Mr. Benson was recommended for the post by General Eisenhower's brother, Milton Eisenhower, president of Pennsylvania State College and long interested in farm problems. The appointment also was warmly approved by Senator Taft, and there are suggestions that Mr. Benson may have had a place on the list of Cabinet recommendations submitted by the Senator at Ike's request.

At 53, Mr. Benson is tall, bulky and growing bald. He is studious and widely read. He is mild-mannered and soft-voiced, but expresses his ideas with vigor and clarity. His appointment keeps a Westerner in the Agriculture post, since his predecessor, Charles F. Brannan, comes from Colorado. But it also means a fresh approach, the application of new ideas to the farm-surplus problem.

Mr. Summerfield, accustomed to business operations that show a profit, takes



—United Press

FOR POST OFFICE: EISENHOWER CHOSE SUMMERFIELD

... a successful businessman inherits a deficit

over a losing proposition at the Post Office Department. The postal service ran up a deficit of over 700 million dollars in the year that ended last June 30. The exact amount has not yet been determined. In the current year, the prospective loss is estimated at 669 millions.

How much Mr. Summerfield's application of a businessman's methods can cut into the deficit in later years remains to be seen. But an effort will be made. At base, the difficulty is that the Department renders services to the American people at less than cost and they have grown accustomed to having it that way. One big item is the free-mailing privileges that go to Congressmen and all Government Departments and agencies.

Anyway, the Summerfield appointment follows tradition up to a point. Mr. Summerfield has been serving as Chairman of the Republican National Committee. With the exception of the incumbent, Jesse M. Donaldson, the Postmaster General, since 1920, has been the National Chairman of the party in power.

But it breaks with tradition in that Mr. Summerfield plans to resign the National Committee Chairmanship before taking office. Time was when postal employees furnished by far the biggest pool of jobs for distribution to the party faithful. But Civil Service now blankets the Department to such a degree that political job seekers mostly look elsewhere.

Mr. Summerfield got the party Chairmanship because he was helpful to General Eisenhower at the Chicago Convention. He was uncommitted, as between Ike and Senator Robert A. Taft, when the Convention met, and was strenuously courted by workers for both. In the end, he delivered 35 of Michigan's 46 ballots to the General.

Money raiser. Ike tapped Summerfield for the party Chairmanship the day after the nomination, and he served in that capacity through the campaign. In the job, his principal function was money raising and soothing the feelings of disappointed backers of Senator Taft. Actual direction of the campaign went along on the train with Ike, in the person of Governor Adams. And in the Eisenhower entourage were several who thought the Chairmanship should have gone to a pre-convention Ike man.

Mr. Summerfield, 53, earnest, industrious and friendly, has been in politics only 12 years. Interest in Wendell L. Willkie drew him into the field. He, himself, ran for the job of Michigan Secretary of State in 1942, but lost in the primary. Thereafter he concentrated on new methods of raising campaign funds, became a member of the Republican National Committee for Michigan in 1944. Mr. Summerfield admired the late Senator Arthur H. Vandenberg, strove un-

successfully to obtain the Republican presidential nomination for the Senator in 1948.

Otherwise, the Postmaster General-designate has been a businessman, the proprietor of one of the world's biggest automobile agencies, with additional interests in real estate, oil and insurance. He has, of course, no previous experience in dealing with postal problems. But, if need be, he can fall back on the help of Mr. Donaldson, who as a career man is to remain in the Department in a humbler capacity.

Mrs. Hobby, as Federal Security Administrator, is to have charge of a vast domain and one that may grow larger. She will direct the world's biggest insurance operation. And, befitting the importance of her activities, she is to sit



OVETA CULP HOBBY
... a place at the Cabinet table

with the Cabinet, the first woman to do so since the resignation of Frances Perkins as Secretary of Labor in 1945.

The Federal Security Agency has become one of the biggest of federal agencies. It includes the Social Security system and most Government welfare programs—aid to the blind, the aged and dependent children, and service provided by the Public Health Service, the Office of Education, Office of Vocational Rehabilitation, the Children's Bureau, Bureau of Federal Credit Unions and the Food and Drug Administration.

There are other, smaller programs in FSA. Several welfare projects also remain outside its jurisdiction, such as the Women's Bureau and Bureau of Employment Security in the Labor Department, and some others in other agencies. Expectations are that all may be lumped

together under a Department of Health, Education and Welfare, with Mrs. Hobby as Secretary, giving her a Cabinet seat in her own right and not just by invitation.

The establishment of such an all-inclusive Department has been urged for years by many officials and social workers. Governor Thomas E. Dewey, of New York, urged this step when running for President. And General Eisenhower reportedly favors the project. Congressional approval would be necessary.

In the campaign, Ike proposed an expansion of the Social Security system, extension of benefit payments to population groups now uncovered. He did not, however, propose any increase in payments to those now on Social Security rolls. And, it is said, he long has thought a woman should head the agency.

Mrs. Hobby's appointment, to that extent, is a recognition of the unusually heavy women's vote that Ike received. But it goes further in that it acknowledges Southern Democratic support, and gives the South representation in the Cabinet. Mrs. Hobby is a Texan, long active in the State's Democratic politics.

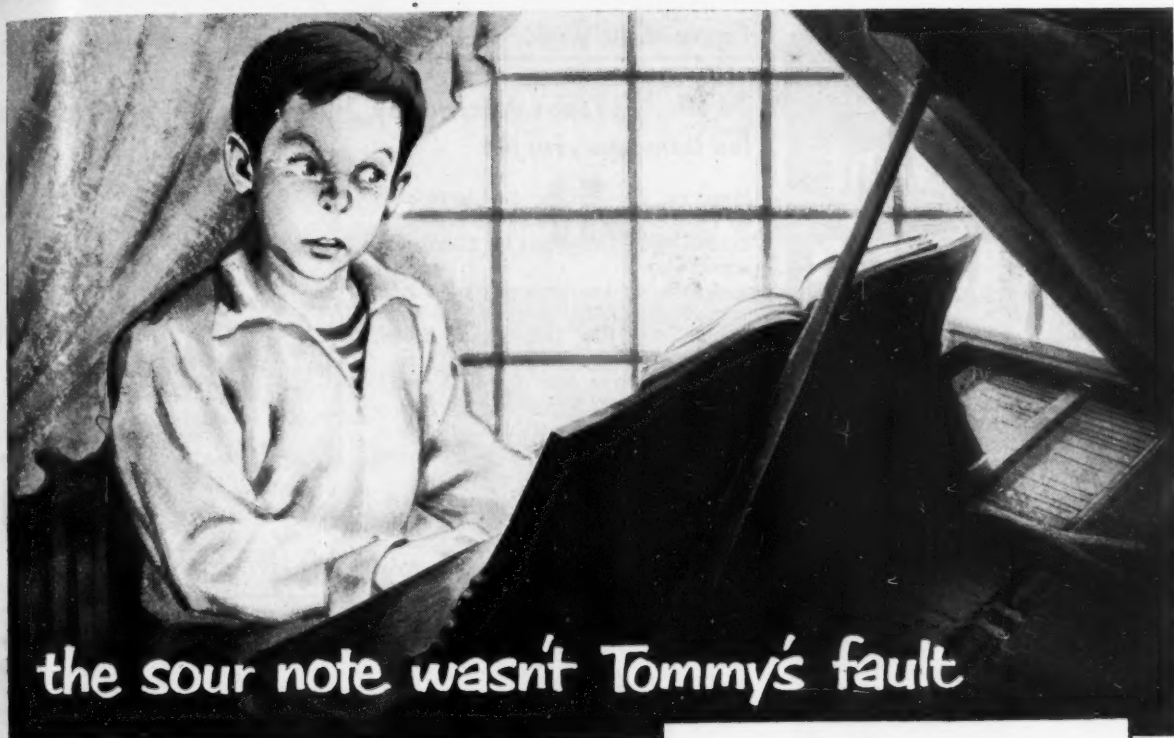
A small, energetic and pretty woman of 47, Mrs. Hobby has reared two children, William, 20, and Jessica, 15, in addition to numerous other activities. She was graduated in law from the University of Texas, became parliamentarian of the Texas Legislature and Houston's assistant city attorney. She wrote a parliamentary manual, "Mr. Chairman," that has been widely used.

Organizer of WAC. Mrs. Hobby also was secretary of Women's Democratic Club. And she ran unsuccessfully, for the Texas Legislature. During that campaign she was courted by her future husband, William P. Hobby, a former Governor of the State and publisher of the Houston Post.

For many years, the newspaper provided an outlet for her energies. Mrs. Hobby reviewed books, supervised the women's page, wrote editorials. In 1938, she was made executive vice president. Then, in July, 1941, she went to Washington as a dollar-a-year woman in the War Department's public relations section. Her plan was to stay in the capital only three months.

She remained, however, for four years. In the course of that time she came to wide public attention as the commanding officer of the Women's Army Corps. This involved a large administrative assignment. With the rank of colonel, Mrs. Hobby organized a corps of 100,000 women.

Back in Texas, after the war, Mrs. Hobby resumed her newspaper and political activities. Although a life-long (Continued on page 42)



the sour note wasn't Tommy's fault

No virtuoso, Tommy—but, for once, he wasn't to blame for the peculiar tones emanating from the piano. No, the culprit was *Tinea Pellionella*—a clothes moth which would just as soon munch on a piano felt as feast through the front of a flannel suit.

Estimated damage by moths runs to hundreds of millions of dollars annually. It undoubtedly would be far greater were it not for Para-Dichlorobenzene, a chemical which is widely used for effective protection against moths and other destructive insect pests. The white "Para" crystals vaporize slowly in confined areas, attacking moths and larvae. They are non-flammable and do not stain fabrics, and are the basis of most packaged moth crystals.

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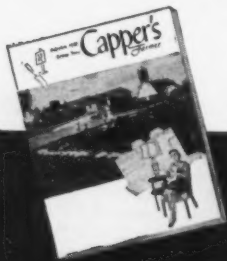
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People of the Week

... In Texas, Mrs. Hobby led Democrats for Ike

Democrat, she and the *Post* were early for Ike. She was active in the campaign, as head of the Democrats for Eisenhower organization.

Mrs. Hobby has discharged some large responsibilities. She is unawed by the magnitude of the task ahead of her.

Mr. Hagerty, Ike's Press Secretary, is well liked by newsmen. They have found him friendly, capable and anxious to be as frank as possible in answering their questions.

Like several other intimate Eisenhower aides, Mr. Hagerty comes to the General from the staff of Governor Thomas E. Dewey, of New York. Hagerty, himself, is a former newspaperman,



—Wide World

JAMES C. HAGERTY
... newsmen like him

a veteran of nine years with the New York Times, as political reporter and Albany legislative correspondent.

Work in Albany brought Hagerty into contact with Governor Dewey and, in 1943, he became Dewey's press-contact man. Thus, he served in that capacity in the 1944 and 1948 campaigns.

This year, Governor Dewey loaned Mr. Hagerty to the Eisenhower organization. Hagerty worked for Ike's nomination, before and during the Convention. Then he became the General's campaign press secretary. He went the full campaign route with Ike and has been close to him ever since.

Mr. Rogers, already experienced in tracking down Washington scandals,
(Continued on page 43)

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People of the Week

... Roger's career began under Dewey

joins the Justice Department staff as Deputy Attorney General. He will assist Herbert Brownell, Jr., Attorney General-designate, not only in pushing the promised Washington cleanup, but also in the over-all direction of the Department.

Sleuthing experience came to Mr. Rogers first of all as a New York City assistant district attorney in 1938, working under Thomas E. Dewey, then the city's spectacular crime buster. He served later as counsel for two Senate committees that turned up irregularities in the Democratic Administration and pointed the way to several convictions.

The story is that Mr. Rogers, now 39, blond, smiling and approachable, walked



—United Press

WILLIAM P. ROGERS

... on the track of scandal

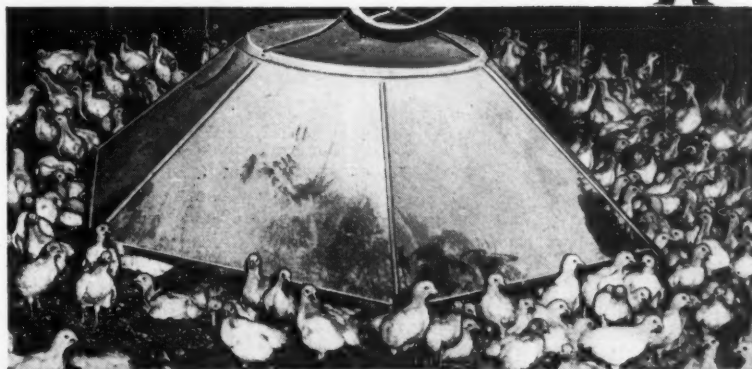
into Mr. Dewey's office and asked for a job. He was then only recently out of Cornell Law School. Mr. Dewey was impressed, gave Rogers the post he requested. Rogers took two years out for wartime Navy service, and then returned to his old job, serving this time under a Democratic district attorney.

Top investigator. Rogers turned to Washington in 1947 and became counsel to the Senate War Investigating Committee, which Harry S. Truman had headed while a Senator. Later, he was retained by the Senate's permanent investigating group.

The investigations resulted among other things in the conviction of Brig. Gen. Bennett E. Meyers for subornation of perjury, and of John F. Mara-

(Continued on page 44)

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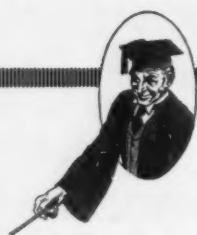
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People of the Week

... Cleanup man to quit his private law practice

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Congressional-committee investigations often are shaped largely by the work of the committee's staff and the judgment of the counsel. Senators of both parties grew to lean heavily on Mr. Rogers and always have been ready with praise for his work.

At the Chicago Republican National Convention, Mr. Rogers worked closely with the Eisenhower leadership, preparing the cases against seating Taft-



—Defense Department

GENERAL PERSONS ... legislative liaison

pledged delegates from the South. Through much of the campaign, he traveled with the vice-presidential nominee, Senator Richard Nixon. He was with Nixon at the time of the furor over the expense fund raised for the latter by California businessmen.

Mr. Rogers plans to resign from his law firm, Dwight, Royall, Harris, Koegel & Caskey, of New York and Washington. Further, he thinks all Justice Department lawyers should sever their outside connections. Government lawyers with private practice have been involved in the irregularities that Mr. Rogers now proposes to end.

General Persons, who is to serve as legislative liaison man for General Eisen-
(Continued on page 45)

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**... Persons has experience
in dealing with Congress**

hower, has had much experience working both with Congress and with Ike. For 10 years, Persons, 56, an easy-going, drawling Alabamian, was the Army's chief spokesman at the Capitol. In the last of those years he had over-all charge of liaison for all three services under the Defense Department. General Persons knows Congress and Congressmen. He retired from the Army in 1949 and went to Europe to serve with Ike as the latter's public-relations adviser. One of his duties was to greet and shepherd visiting members of Congress. The General traveled with Ike through most of the campaign.

Mr. Vandenberg, among other duties, is to have charge of the President's appointments. This often means the touchy task of deciding whom the President is to see and who is to be excluded. Some appointment secretaries in the past have been criticized for high-handedness in this respect.

Mr. Vandenberg is the son of the late and famed Senator from Michigan. The elder Vandenberg was for Ike as early as 1950, and the son has been an active Eisenhower worker from the start. He visited the General in Paris, and has been attached to his staff ever since Ike's return to the U. S.

Vandenberg served for years as his father's secretary or administrative assistant. For a time he considered running for the Senate this year, but abandoned the idea to be of assistance to General Eisenhower.

Mrs. Priest, in the new Administration, will sign her name to the nation's paper money. As Treasurer of the U. S. she is to supervise the issue and redemption of paper currency.

Tall and statuesque, Mrs. Priest is in her early 40s and the mother of three children. Like Ezra T. Benson, who is to be Secretary of Agriculture, she is a member of the Mormon Church. She has taken an active interest in Utah politics and has served several terms as Republican National Committeewoman from that State.

Paper money bears two signatures, that of the Secretary of the Treasury—who is to be George M. Humphrey, of Ohio—and the Treasurer. As Treasurer, Mrs. Priest succeeds a woman, Mrs. Georgia Neese Clark. The latter had so much difficulty crowding her full name into the narrow space provided for the signature that Mrs. Priest thinks she may sign Ivy B. Priest instead of Ivy Baker Priest.

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INTERVIEW WITH ROBERT MORRIS (Continued from page 19)

A They did not act quickly. They were informed, but took no action whatsoever. The reason the Subcommittee went on with its hearing—and this goes back to the heart of the question you asked—was that despite the FBI evidence, despite the grand-jury evidence, the disloyal remained in places of power and influence. In October, many months after the original situation had turned up, the Subcommittee commenced its open hearings. Only then, when the public was informed, was anything done.

Q When does this grand jury expire?

A December 4 of this year. But there probably will be a successor jury. There certainly should be.

Should U. N. Screen Out Communists?

Q But since the U. N. is an international organization and has as members several Communist states, would it have been appropriate for the U. N. central organization to discharge these people on the grounds that they might have been or are Communists?

A Well, now, that's the argument used today, if I may say so, by critics of the Subcommittee. You will read that the United States has no right to interfere with United States citizens employed by the U. N., that the Subcommittee has no right to ask whether U. S. citizens employed by the U. N. are loyal to the U. S. We have no right to ask about that, these critics argue, because there are, in several sections of the U. N., certain individuals who are not in sympathy with their home regimes—namely, a few Czechs and a few Russians. They will tell you that we have no right to expect that the Americans who are working for the U. N. in administrative positions should be loyal to the United States. But this argument overlooks the fact that right now the U. N. is waging a war against the Chinese and Korean Communists.

We have a right to expect that the people engaged in that war are loyal to our side of the political war, and not to the Communist side of the war, as an American Communist would be from what we know about his nature. Also, the United States is the host country and with any subversion has the prime responsibility. Further, the Soviet Union exercises full control over its quota of officials.

Q How many Americans work for the U. N. Secretariat?

A I believe 377 in professional positions and higher.

Q Also, is it true that, when an American has been appointed to the U. N., he has been appointed in deference to the U. S. Government—or is he just appointed as an individual? How does he get his job?

A If he's a professional official, he is assigned to an American quota. It is a world organization, but they do have what they call "quotas"—a certain number of Americans are going to be hired and certain num-

ber of others. The "range" for Americans may go as high as 472, I believe.

Q And if they are not Americans, then they don't belong in the quota?

A That's right.

Q And if they have no loyalty to our Government, they should be in somebody else's quota?

A That's a good contention. If they are charged to the American quota, at least we should know that they are loyal citizens to the United States.

Q Does the U. S. Government have any control over the assignment of individuals to fill the American quota?

A That is a question on which the Subcommittee has not yet gotten all the facts. It is known that the U. N. asks the State Department for loyalty reports on all U. S. citizens working or applying for work at the U. N. The clear implication of this would be that the U. N., before it hires an American citizen, tries to obtain the reports of the investigatory agencies of the U. S. Government.

Q Getting away entirely from the question of loyalty to the United States, who controls the assignment of individuals to fill the United States quota among the employees at the U. N.?

A Apparently nobody.

Q Then, if an American wants to work with the U. N., he just goes to the U. N. and applies for employment without reference to the State Department?

A What happens in many cases, and this has been brought out in our record, is that someone hears that a position is open, looks up some friends in the U. N., and gets the job. The subcommittee has revealed that David Weintraub, the head of the Economic Division, has brought in many of the officials who have refused to answer questions about their Communist membership. Some of these people were associated with him in past U. S. Government employment. Notwithstanding this and other testimony about Weintraub, he still remains in his position. Incidentally, Weintraub testified that it was he who brought Owen Lattimore into his U. N. assignment to Afghanistan.

Checking an Applicant

Q Is there still a check by the State Department on a person who just wanders in?

A There again, apparently the U. N. contends that it asks the State Department to clear such a person in the belief that the State Department gets the FBI evidence against these people.

Q Do you mean, then, that the collection of damaging evidence by the FBI doesn't mean anything?

A You must understand that in almost all the 18 or 20 cases that we've brought forth publicly there has been an FBI record on each one of them. From the position of the Committee, J. Edgar Hoover and the

... 'Presently engaged in espionage'? Witness won't tell

FBI have been most diligent and informed on these records.

Q *Couldn't the FBI do something about it?*

A All the FBI can do is to pass on to the Attorney General's office, or, if requested by the State Department, to the State Department, whatever evidence it has. I believe the FBI itself is not allowed to investigate any U. N. personnel unless they are asked by the State Department.

Q *Have any of these 18 to 20 individuals ever held U. S. Government employment?*

A Almost every one of them has—and in many cases a very sensitive position.

Q *Doesn't it seem that the FBI evidence has not been used?*

A That's right. Now, take this man Stanley Graze. Stanley Graze is a project officer for the Technical Assistance Program and works on, among other things, a training program for Formosa. He refused

Zablodowsky very well and has testified before our Committee that Zablodowsky was a Communist, that, in addition, he aided the Communist underground, that he once helped the Robinson-Rubins Communist passport ring and aided Chambers and Jay Peters in the Communist underground. Zablodowsky, when testifying, denied Communist membership but admitted he aided the Communist underground, but defended himself by saying he did it to oppose Hitler. The interrogation of Zablodowsky brought out, however, that he associated with a known Communist during the Hitler-Stalin-pact days when the Communists were allied to Hitler. He is still in his position at the United Nations.

Q *Hasn't it been said, through Trygve Lie, that the loyalty of an American citizen employed by the U. N. ought to be unquestioned?*

A I think Lie has made the statement that he



—Wide World, Harris & Ewing, United Press

Committee members: Senators Willis Smith, Herbert O'Connor, Pat McCarran, James Eastland and Homer Ferguson

to tell our Committee whether or not he is presently engaged in espionage against the United States on the grounds that his answer might incriminate him—presently engaged, mind you! The FBI has had a heavy file on him. It so happens, he was in addition one of Senator McCarthy's 81 cases before the Tydings Committee. I believe he was case No. 8. He was in the U. S. State Department until 1948 and refused to tell our Committee, on constitutional grounds, whether he was the subject of a loyalty investigation. So, it isn't something that is covert.

Q *Were any of the other witnesses the subject of congressional charges?*

A Our record shows that Congressman Rich brought charges against David Zablodowsky, another case. Zablodowsky is the head of the Publications Division of the U. N.

Q *An American citizen?*

A An American citizen. Whittaker Chambers knew

doesn't want an American working with the U. N. who is not loyal to the United States.

Q *Do you understand what the basis was for the attack that came from Lie against the Committee in which he referred to "smears"?*

A The members of the Subcommittee, Senators Eastland, O'Connor and Ferguson, who were available for comment, were disturbed by that comment because there had been no smears or indiscriminate accusations. The most significant evidence had been the refusal of witnesses to deny Communist membership, and the spectacle of these people invoking their constitutional privilege. In one case, there was in evidence the admission from a woman that she had changed her allegiance, surreptitiously apparently, from that of a citizen of the United States to that of a Soviet citizen.

Q *Was that woman of any importance as an employee?*

(Continued on next page)

... 'Communists will use U.N. funds to mold world opinion'

A She, unlike the others, was not an official at the U. N. She was a Russian-language stenographer.

Q Did the U. N., the State Department or anybody else ever make representations to your Committee to the effect that these employes were sacrosanct and not touchable by your Committee for testimony?

A Well, Senator McCarran and the other members of the Subcommittee made it very clear in the beginning that they were not going to be stopped while investigating subversion on the part of an American citizen by any memorandum, and let it be known.

Q Do you know whether anyone tried to interfere with the grand-jury investigation?

A Well, it is commonly reported that the grand jury was prepared to hand down a presentment early in October of this year and it was delayed due to pressure from Washington.

Q What was the presentment about?

A I assume it would have called attention to disloyalty among American citizens in the U. N.

Lack of Action by U.N.

Q Do you get co-operation from any of the U. N. officials? That is, are they as eager as the Senate Committee to ferret out these cases?

A Well, I can say that they knew how these people comported themselves before the grand jury since April, and nothing was done about it.

Q Have they interfered with the Committee?

A No, I don't see how they could—except for irresponsible statements that set the "left wing" press against the Committee.

Q A request from the State Department could be made, couldn't it?

A Well, they didn't interfere. They know that any attempt on their part to stand in the way of any committee of Senator McCarran's, unless it was for the sake of security or propriety, would immediately be made part of our record.

Q Have they volunteered any information?

A No.

Q This 377 American quota, does that include all types of U. S. employes at the U. N.?

A No, that's just officials, the professional people and high officials in the Secretariat.

Q What do you think the big danger is? Is it a matter of spying, influencing policy, slanting the U. N.?

A We are relying on the U. N. to wage war in Korea. These are the people on whom we must rely to wage that war, and stop Communist aggression. These people should at least be worthy of our trust. Also, we know that Communists will not, by their nature, oppose Communist aggression but will supplement it. Also, in dispensing these millions of dollars, the Communists will use the funds to mold world opinion against the free world.

Q This Technical Assistance Program employs people from other quotas, though, doesn't it?

A Oh, yes. The head of it is a Canadian, H. L. Keenleyside.

Q What has been his attitude toward the witnesses?

A Mr. Van Tassel testified that Keenleyside knew of Van Tassel's refusals to testify before the grand jury and yet stated that he would be glad to support him and that he was a good and loyal employee.

Q Did you encounter any other Canadians in the investigations?

A Yes. There was sworn testimony before the IPR [Institute of Pacific Relations] inquiry that E. Herbert Norman, who has been head of the American-Far Eastern Division of the Canadian Foreign Office and Acting Delegate to the U. N., was a member of a Communist study group while at Columbia University. That was an incidental bit of testimony because we try not to get involved with foreign nationals, but in the positions he holds he doubtless has access to American secrets.

Q Assuming that there are Communists in the U. N.—and if we know that there are some among our American employes there, we must surely assume that they are among the other nationals as well—how do you lick this problem without either expelling all the Communist nations from the U. N. or ourselves pulling out?

A I think it is beyond the stage of assumption. Certainly bringing out facts to the light of day has helped thus far. Mr. Lie has discharged and suspended many of the officials who were exposed before the Committee.

Who Helped Get Job? No Answer

Q Did the Subcommittee uncover any cases in which any employe of the State Department who had become suspect in the Department was assisted by somebody there to get a job in the U. N.?

A Mary Jane Keeney, whose trial will be held in January, was a witness before the Committee in the course of the IPR hearings.

Q What is she to be tried for?

A Contempt. When asked about her membership in the Communist Party, she invoked her constitutional privilege and refused to answer whether or not she was a Communist. After her separation from the State Department, she took up employment with the U. N. She was asked by the Subcommittee who in the State Department had aided her in getting U. N. employment. She refused to answer that question, not on the grounds that the answer might incriminate her, but on the grounds that the U. N. regulations forbade her to dispense that information. The Senate quickly cited her for contempt, and she was indicted and is now about to be tried.

... 'Unchecked subversion, itself, will destroy the U.N.'

Q Do you think the placing of some people with Communist sympathies who allegedly represent the United States, and perhaps other nations, in key positions of the U. N. could have an effect on the policies, programs, procedures and activities of the U. N. that would be unfavorable to the United States, perhaps, and favorable to the cause of Communist Russia?

A If you know a Communist by nature and argue deductively from that, I would say there is no doubt about it in view of the present world conflict.

Q Do you think that some of them may be innocent in what they are doing and be the channels of important information about our policies that might get to other countries prior to the time we want them to have that information?

A I question if you can call a member of the Communist Party under those circumstances innocent. Probably some don't realize that the Soviet Union has access to all the information of every Communist cell, but they must know the close affinity that does exist.

How Confidence Is Undermined

Q Isn't confidence on the part of the American people undermined if we discover that Communists play such a part even in our own quota?

A The charge is made against our Committee that it is undermining public confidence in the U. N. Our Committee's answer to that is that it is not undermining public confidence in the U. N., but is exposing facts and conditions which if not eliminated will cause loss of confidence in the U. N. by the American people. Unchecked subversion, itself, will destroy the U. N.

Q Then, you think the U. N. ought to clean house?

A Two Senators of our Committee have publicly stated that if the U. N. doesn't clean its house, it should go.

Q Is the U. N. cleaning house at all?

A Well, after the first two hearings, Trygve Lie dismissed some officials and suspended others with pay until their cases could be determined by an international commission. Senator Eastland didn't think that it was fair that such officials be given a paid vacation while an international body decided whether or not they were to be dismissed, in the face of their refusal to answer questions.

Q What is this international commission?

A The Secretary General of the U. N. is appointing an international panel to look into the cases.

Q Has the U. N. taken action on all the cases which your Committee has presented?

A It is now beginning to take action on every one of them that has been brought out. The Committee's evidence is helping them clean up. Whether they are determined to go ahead remains to be seen.

Q But that will clean up only the American situation, won't it? That leaves the Canadians, the British, and all the others. What about them?

A Well, our Committee is confined to the area of United States citizens.

It is certainly hoped other free nations will re-appraise their own security machinery to make certain that Communists don't represent them. I personally know that other nations have the same problem.

Q But that still won't ease the public mind, will it? They will begin to wonder just what is going on there—

A Yes, particularly if the U. N. is entrusted with the duty of warring against Communist aggression.

Q Are secret documents about our operations in Korea transmitted to the U. N.?

A That is military security and I can't answer the question.

Q If there were such documents, a great many people in the U. N. would have access to them who should not have access to them—isn't that right?

A Yes, I would think so.

Q What percentage of all U. N. employees are ours?

A About 28 per cent of the professional staff and principal officers. The number of Americans in this class is apparently 377. The lesser employees, such as chauffeurs, stenographers and elevator workers, are not in the quota.

Q Would the U. N. have to fire somebody if the State Department requested it?

A Apparently, from what I can see, since Trygve Lie summarily dismissed Stanley Graze, then he has authority to fire. Whether he would have to act on the request of the State Department is another matter.

Q But if the State Department gave the U. N. 50 names, say, requesting their dismissal because they were Communists, would the U. N. fire them on that?

A I don't think anybody knows.

Status of Non-Communist Czechs

Q If the U. N. did fire American employees at the request of the State Department, wouldn't it also have to fire non-Communist Czechs at the request of the Communist Government in Czechoslovakia?

A Well, that is the formal argument we hear. But are not such Czechs stateless persons? Isn't that different? They can't return home. The U. S. people can, and do.

Q But couldn't we settle for that, getting rid of some non-Communist Czechs in exchange for getting rid of the Communists in our employment?

A Well, that's a formula.

Q Couldn't we stand on the principle that every country has a right to have loyal people representing it at the U. N.?

(Continued on next page)

... Witness told of '1,500 Communist schoolteachers'

A That's good, and what about the principle that, now the U. N. is opposing Communist aggression, anybody who isn't loyal to the U. N. in that fight should not be working for the U. N.? If you are asking for a rationalization, I give you that one. It's logical enough.

Q Do we have U. S. citizens as administrators near the top in all of the important sections of the U. N.?

A I believe so.

Q Then, if you cleaned up our own condition at the U. N., wouldn't that alone be a big step in helping us?

A It certainly would. In addition, if you got in there a handful of good, informed anti-Communists, you'd really do more.

Who Would Replace Subversives?

Q But you have no guarantee, have you, that if those U. S. citizens were taken out of the fairly high administrative positions in the U. N.—those who have turned out to be subversive—that they would be replaced by anti-Communist U. S. citizens? They could be replaced by other nationals, couldn't they, who may or may not be anti-Communist?

A That's right. But that reasoning leads to futility.

Q Do you think that this is all an accident, or do you give the Communist Party and Soviet Russia credit for planting all of these people there? Don't they start out with a couple of key men who gradually drag in all their associates?

A There is no doubt about it—both from the evidence the Subcommittee adduced and from the nature of Communists.

Q Is there any pattern to the exercise by witnesses of their constitutional privilege?

A Yes. For example, in the hearings on subversion in the schools, the Subcommittee received evidence that certain particular officials of the Teachers Union were members of the Communist Party and that certain others were not. When all these teachers were called in open session, those concerning whom there was evidence of Communist membership all invoked their privilege. The two concerning whom there was evidence that they were not Communists denied membership in the Communist Party.

Q Did your hearings on the schools reveal that there are many Communists schoolteachers?

A Yes. A witness who had organized teachers for the Communist Party, and who has since left the Communist Party, testified that there have been as many as 1,500 Communist schoolteachers nationally and 800 in New York. Another witness was engaged as late as 1950 in organizing more than 500 New York City Communist teachers into an underground modeled after an imported European plan, and actually

effected such an underground made up of 383 Communist teachers.

Q Do you give full credence to all the testimony of all the people who say they used to be Communists but have now renounced Communism?

A One must try very hard to screen each one of these people and to corroborate their testimony. If there is any flaw or inconsistency, it should not be used. If such a person's testimony actually damages the Soviet apparatus, as has the testimony of Chambers, Budenz and Bentley, it is a good indication that the person is no longer part of the Communist network. In fact, a high security officer has told me that those three witnesses have been more valuable than several divisions in the "cold war." That tribute is something that other ex-Communists who have not yet poured forth their secrets to the FBI and the Senate Committee should ponder.

Q Do you feel able to answer a general question about the validity of Senator McCarthy's charges?

A I was minority counsel to the Senate Foreign Relations Subcommittee which heard the McCarthy charges. Senator McCarthy had 81 cases before that Committee [the Tydings Committee]. If you examine the charges involved in these cases, you may well conclude that the evidence now brought forth goes further than the charges. But you must look at each charge calmly, then examine the evidence.

Q Are you familiar with these 81 cases?

A Reasonably familiar with almost all of them.

Q Can you say that any one of those cases involved a Communist?

A Take Stanley Graze, for one—

Q In speaking of Owen Lattimore, didn't McCarthy say that he was a "top espionage agent"?

A I believe it was a "top Soviet agent."

Committee's View of Lattimore

Q What did the Senate Judiciary Committee conclude after hearing the evidence?

A It concluded that he has been "a conscious, articulate instrument of the Soviet conspiracy," and that he had testified falsely before the Committee. The Judiciary Committee asked that the Attorney General turn the Lattimore case over to a grand jury to determine if he committed perjury.

Q Do you theorize that to refuse to answer questions on constitutional grounds necessarily means a man is a Communist?

A Legally it doesn't necessarily mean he is a Communist, but as a practical matter it shakes public confidence in him.

Q What else is significant about such a refusal?

A Well, in the first place, the Subcommittee doesn't ask anybody that question unless it has some evidence that he was involved in communistic activity. Once you begin exploring and the witness invokes his con-

... Active Communist is 'in conspiracy against U.S.'

stitutional privilege, then we feel that this, more than anything else, will cause the ordinary American to understand that there must be something very wrong.

Q *Would you accept the answer of a man who said that he was a Communist, but who refused to say that his wife was on the grounds that it might incriminate him?*

A I'd say that would be more a sign of genuineness than if somebody refused from the very outset. And the reason I say it is that apparently, according to legal decisions, if you admit that you were a member of the Communist Party, you would probably be susceptible to a contempt motion if you then refused to say who was in the Communist Party with you.

Q *How can the invoking of a constitutional guarantee become evidence of guilt?*

A It is not legal evidence of guilt, but the spectacle of a man acknowledging that certain truthful answers on his part might incriminate him is evidence that he should not hold a position of trust in public office—particularly if the subject matter of the question involves loyalty to his country.

Q *Doesn't that tend to vitiate the constitutional protection? Isn't it, at least, a misnomer to call it a constitutional protection if the average person concludes that a claim of such immunity is the same as admitting guilt?*

A Not legal guilt, because no one is imputing a crime.

Q *Do people go to jail here for being a Communist?*

A I had thought so, if he was active, because of the Smith Act, but a federal judge has held not. Take the case of Isidore Begun and Simon Gerson. Their indictments were recently dismissed by Judge Dimock. They were certainly Communists with long records and had been indicted under the Smith Act. Now, both of their indictments were dismissed on the general theory that mere Communist membership alone was not sufficient for indictment.

Role of Party Membership

Q *If that is established as the law of the land, doesn't it mean that a man cannot refuse to tell you whether he has been or is a member?*

A It may make a difference, but the question may lead to an area of interrogation that would lead to possible guilt on other grounds.

Q *Laymen probably do take the attitude that membership consist of guilt, but as a lawyer do you think that holds true?*

A Well, if he becomes active he participates in a conspiracy against the United States.

Q *Isn't there any other reason why a man would refuse to testify aside from that fact? Can't it lead to something else? If he starts to testify and answers the*

first question, "I am a Communist," and then suppose he says, "I'm not a Communist," how does he stand?

A Well, he is inconsistent. I am inclined to think that if he says that he was a member of a certain cell in the Communist Party, then he has to answer who the other members of the cell were. I think he has waived his constitutional privilege.

Q *And if he says, "I am not a Communist," then what happens to him?*

A If there is sufficient evidence to the contrary, he may be indicted for perjury.

Q *If he really isn't a Communist, what basis would he possibly have for refusing to answer the question?*

A William L. Holland, of the IPR, rationalized it before the Subcommittee and came up with the theory that a man may refuse to deny membership in the Communist Party because, if he did, some perjurious evidence might subsequently be adduced and cause him to be indicted.

Q *But if he were truly not a Communist, couldn't he be framed?*

A That was Holland's point, and it certainly is far-fetched and would require a grim conspiracy involving both Congress and the Justice Department.

Q *Might someone not come up with evidence anyway?*

A Yes, but that's the only rationalization that I've seen in defense of a person who refuses to answer.

What Fifth Amendment Does

Q *What about the claim of privilege in a court of law?*

A In a court of law, if the man is a defendant, he does not have to take the stand in his own behalf. The heart of the Fifth Amendment is that a man does not have to testify against himself. If he feels that the prosecution has not made a case against him, he may justifiably not appear, and there is simply no evidence added by his nonappearance. If the case against him is impressive, then the court and the rules of evidence make every effort to keep the jury from drawing any conclusions from his nonappearance.

However, when a witness is subpoenaed before a duly authorized tribunal and refuses to answer questions concerning disloyalty and subversion on the ground that his answers might incriminate him, he is affirming that there is evidence in existence that would have that effect.

Q *To sum up, how long will the investigation of American citizens in the U. N. go on?*

A Senator McCarran has suggested that the investigation continue as long as it is necessary to assure the American people that they can have complete confidence in the Americans representing us in the United Nations.

Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

OUTLOOK FOR BUILDING: THE BOOM WILL GO ON

Builders will find plenty to do in 1953. A big construction program seems assured—good news for almost all business.

Outlook is for fewer new homes, new factories. But rise in public building, highways, etc., is to offset that.

The building boom will look a little different with the new year. But it will be big as ever, the way signs point now.

Next year promises to be another banner year for the construction industry. Building of homes and factories probably will slow down a bit, but that will be offset by an almost certain rise in construction of highways, pipe lines, schools, stores and other public structures.

The result is an outlook for a total volume of building in 1953 approximately equal to volume reached in 1952, a boom year for builders. This promising construction outlook is a good omen for all business in 1953. A building boom is strong underpinning for national prosperity.



—Standard Oil Co. (N.J.)

ROAD BUILDING MAY SPEED UP
... as the lid comes off materials and credit

In dollar terms, the 1952 construction season has produced a total of 32.3 billion dollars' worth of new building. Next year a dollar total of around 33 billion is anticipated, on basis of present trends.

Allowing for a 2 per cent rise in building costs next year, a rise that is indi-

cated by the current drift of prices, the physical volume in 1953 is expected to be about the same as in 1952; maybe a shade smaller.

Although the over-all level of activity may stay the same, there are sure to be marked differences in the pattern of construction in 1953. These differences will be highly important because they will signal shifts in demand for various kinds of building materials, home furnishings, machinery and equipment of all kinds, many other products and services.

Coming changes in construction, with their widespread effects on other industries, can be outlined as follows:

Going up in volume of construction are all those types of building that were held back by credit restrictions or material shortages in 1951 and 1952.

Such restraints hit hard at commercial, educational and recreational projects in particular. They also held up highways, sewer and water projects, churches, and additions proposed by electrical and natural-gas industries.

All these types of building will show substantial increases in months ahead. Barring bigger war, the lid will be off materials and credit. Much deferred building will begin.

(Continued on page 54)



Staff Photo—USN&WR

HOUSE CONSTRUCTION MAY SLOW DOWN
... but more schools and stores will go up

ALLIS-CHALMERS
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NEW TWIST IN YARN SPINNING

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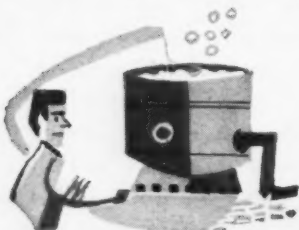
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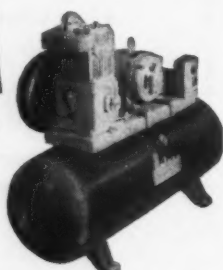
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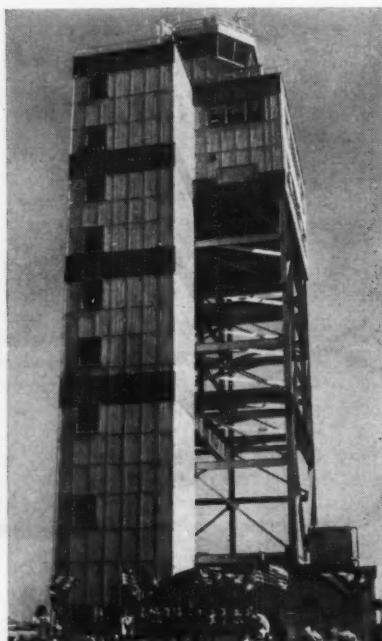
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Special Report

... Atomic-energy plants to boost construction totals

Also rising sharply in 1953 will be military and naval building in the U. S., plus federal industrial construction, mainly new atomic-energy plants. Most of the contracts for this work are let. So the change of Administration is expected to have little effect on federal programs in 1953, although some cutbacks are always possible.

Going down in the year ahead, without much doubt, will be private-home building, hospital construction, farm building, public housing programs, federal conservation and development



NEW AIRPORT TOWER
... more of this

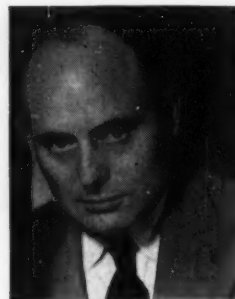
work, and most types of private industrial construction.

The biggest postwar booms have taken place in private-home building and industrial construction. But those booms are past their peaks now.

In several other fields the outlook is for a continuation of the 1952 pace with little change up or down. In this class are the building programs of the railroads, the communications systems and a few industries such as electrical machinery, food processing and petroleum refining.

Prospects for 1953, in more detail, are these:

Home building probably will drop about 4 per cent from this year's level.
(Continued on page 55)



Famous German Engineer Specializes in Rubber Technology

Karl A. Klingler graduated from the Wurzberg Institute of Technology and had a long and distinguished career in Germany as a design engineer specializing in the construction of printing presses and other heavy machinery. Until 1948 he was Technical Director of Koenig & Bauer, charged with ultimate responsibility for the design of that internationally famous organization's many products.

Since coming to the United States—at the request of one of America's largest printing organizations—Mr. Klingler has also specialized in the application of the new rubber technology to the solution of industrial design and production problems. He is also serving as a design and development consultant to the printing industry. As Chief Engineer of Roth Rubber he heads a novel engineering and laboratory set-up that is successfully serving many nationally known industrial organizations. He is a firm believer in the unlimited possibilities of the new rubber technology.

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... Home building falls off with decline in marriages

Spending, by this estimate, is expected to approximate 10.7 billion dollars on new homes, and housing starts will number about 1 million. In 1950, home building's biggest year, spending totaled 12.6 billion and starts numbered 1,352,000.

The drop in new homes reflects easing demand. Pent-up housing needs carried over from World War II have been largely met. Fewer new families are being formed, too, and that lessens the market for homes.

Marriage figures show the trend. There were 2,291,000 marriages in 1946. Mar-



—United Press

GOVERNMENT DAM

... less of this

riages declined from that peak to 1,580,000 in 1949. The Korean war brought a brief upturn, but in 1952 the estimate is for 1,525,000 marriages.

The net number of families formed each year, counting newlyweds who set up their own homes, people who move out of doubled-up quarters, and the losses from deaths and divorces, is on the decline also. A net of about 1.4 million families came into the housing market in the year ended July 1, 1948. Now, new families are being formed at about 800,000 to 900,000 a year.

Yet with all the decline, home building will remain a big and bustling industry in 1953. At the expected level of about 1 million starts, home building will

(Continued on page 56)

The TIMKEN-DETROIT AXLE COMPANY

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For several years, the Timken-Detroit Axle Company, working with the National Security Resources Board, has been improving the strategic location of its plants. As part of the program, the company has recently started production of axles, axle housings and other equipment for trucks, buses and trolley coaches, as well as defense applications, on a 45-acre site at the outskirts of New Castle, Pennsylvania.

Tooled for peak efficiency, the plant now employs 1,700 people. Additional personnel will be added as the 650,000 square-foot plant reaches peak productivity.

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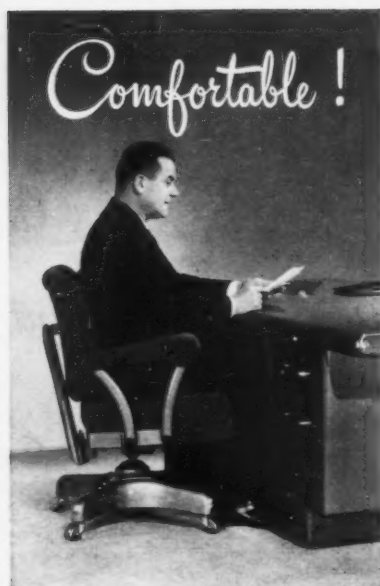
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Special Report

... Need for new factories has passed highest point

be more than three times as active as in the 1930s, when starts averaged about 280,000 a year.

Industrial construction is another type of building where the pace is slowing but activity will remain high. Spending here is down to an annual rate now of about 2.1 billion dollars a year, and it will drop to 1.7 billion next year, by present estimate. The big industrial boom that was touched off by the Korean war, and nourished by tax amortization, passed its peak in the first three months of 1952. Biggest decline next year will be in facilities for making transportation equipment, but reductions will be substantial too in steel, chemicals, most other processing facilities.

Commercial building, by contrast, is headed upward. Spending in this field probably will increase 12 per cent next year to about 1.3 billion dollars. Building of warehouses and offices began to increase last summer, after a full year in the doldrums due to restrictions on materials.

Recovery also is apparent in the construction of new stores, restaurants and garages. Store building has not yet caught up with the residential expansion in suburban areas.

Public utilities are getting set for a new record of expansion. Electric and gas utilities will lead the parade, plan to spend about 10, maybe 15, per cent more on new facilities than they spent in 1952. These two mushrooming service industries cannot keep up with customers' demands.

Railroads are enjoying good earnings, and they need to keep properties in shape to meet stiff competition from busses, trucks and the air lines—which also are expanding facilities. So they will spend at least as much as in recent years.

Telephone companies are expanding to meet the needs of growing population and new suburbs, and to take care of the burgeoning TV network.

Highway building is reaching its fifth consecutive dollar record in 1952. It will go on up in 1953 and probably 1954. New road building is up to a total of 2.7 billion dollars this year, and it will hit 3 billion in 1953. The present ratio of road building and maintenance expenditures to traffic load remains far below the prewar ratio, however.

Sewer and water systems are expanding as population increases and new suburbs open. Expansion has lagged behind needs in many areas, partly because of communities' financial troubles and partly for lack of materials. Next year's

(Continued on page 57)



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For full information about the British Industries Fair, business men are invited to write or telephone their nearest British Consulate—in New York call LOngacre 5-2070.

U. S. NEWS & WORLD REPORT

... Schools still going up but pupils come along faster

spending on these facilities is estimated at 750 million dollars, up almost 10 per cent from the 1952 level.

School construction will increase for at least another 18 months, if needs are to be met. Building of new schools still is too slow to match the growth in enrollments. States and communities want the schools but they can't find the money to finance them. This year, expenditures on schools will top 1.6 billions. They are expected to approximate 1.7 billions in 1953.

New hospitals and institutions, however, will be fewer in number next year. The veterans' hospital program is over the hump and going down. Hospital building in general has been unusually active for five years. Next year, spending will decline to about 400 million dollars on this type of building, from 475 million in 1952.

Military and naval construction, running at the rate of 1.3 billion dollars a year at this point, will go above 1.5 billion in 1953 and on up in 1954. By comparison, military building totaled about 200 million in 1950. Progress on the network of air bases in this country, along with the added radar stations and naval installations, has been slower than planned, however. Work schedules will stretch out over a longer period than anyone anticipated a few months ago.

Federal industrial building will go up to a 2-billion-dollar rate in 1953, 18 per cent above the 1952 level. Atomic-energy projects in the Savannah River and Paducah, Ky., areas will reach their peak next year, but another project in Ohio will just be getting well started.

Federal public housing, already in a decline, is expected to be reduced to a still lower level under the new Republican Administration. Number of new public housing units started in 1952 was 51,000, compared with 71,000 in 1951. In 1953 starts will be fewer and expenditures will drop, probably to about 50 million dollars.

Conservation and development expenditures are due for another slight drop. Federal and State spending for dams, irrigation projects and similar installations has been declining since 1950. The 1953 total is estimated at 830 million dollars, compared with 845 million this year.

Continued boom, with the increases in some fields offsetting the decreases in others, thus is the outlook for the building industry in 1953. Construction looks like one of the brightest spots in the entire business picture for next year, as it is being assessed today.



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We've Been Asked:

ABOUT TAX-FREE PENSION FUNDS

Something may be done in the coming session of Congress about allowing the self-employed to build pensions—or bigger pensions—for old age. Just what is this plan?

The plan is to give tax concessions to self-employed persons on income that they set aside for future old-age payments. This money would be put into a trust fund or into annuity contracts approved by the Treasury.

How would this work?

Several proposals have been made to Congress. Under the Keogh-Reed plan, considered by the House Ways and Means Committee earlier this year, each year a person can put so much of his earnings aside. No tax has to be paid at the time on that amount. But, when he starts to draw the pension, income tax will then be paid on whatever he draws from the retirement fund or annuity.

How much can be put aside each year?

That depends upon the individual, within limits. The plan considered by the Committee allows a man or woman to set aside each year up to 10 per cent of his earned income, or \$7,500, whichever is smaller. The amounts are larger for a person over 55. Total amount that one person can lay aside in his lifetime under the tax-deferment rule is \$150,000.

Is participation compulsory?

No. It is entirely up to the individual.

Is such coverage proposed for the self-employed only?

One suggestion before Congress is to leave the plan open only to the self-employed and those not covered by private retirement plans; another is to allow participation by anyone who desires to increase his retirement benefits.

Aren't the self-employed now covered by Social Security?

Many are, but not all. The law excludes from old-age insurance coverage self-employed lawyers, doctors and other professional persons, architects, farmers and some other groups. Many of those who are now covered by Social Security would like to have the new plan through which they could accumulate larger pension payments.

When can a person begin to draw payments?

Latest idea is that he can draw the payments at the age of 65, though an earlier suggestion put the age at 60. A person

Bigger Benefits for Many

- Many persons will get bigger pensions if Congress approves tax-delay plan.
- Proposal is aimed particularly at old-age benefits for self-employed.
- Plan has backing of many professional people and associations.

totally and permanently disabled can draw payments earlier.

Will the payments be monthly?

That, too, is up to the individual, under the plan. He has a choice of three ways: in a lump sum; in monthly, quarterly or annual installments; or by purchase of a life annuity.

How much will a pensioner get?

That depends on how much he puts into the plan. Under all of the proposals that have been placed before Congress, a pensioner usually will draw out what he put into the retirement fund plus the earnings on this money.

Will a person have to retire altogether to get payments?

No. He can still work full time and draw the payments. That's because the proposal is for postponement of use of current income, and postponement of tax payment on it, rather than a straight retirement pension plan.

If a person dies, can his family collect?

Yes. The beneficiary of a deceased person will get the amount due and pay income tax on it.

Will the Government lose money on the plan?

Adoption of the plan would at least postpone collection of some taxes, much of which would be paid in future years. An individual, under the plan, probably would pay less tax later, as he would have an added exemption at the age of 65 and, often with smaller income, his tax rate would usually be lower.

Pressures will be brought on the new Congress to put through this plan for tax deferment on income set aside for pensions. Those behind the move are encouraged by the fact that, during the recent campaign, Dwight D. Eisenhower expressed approval in principle of such a tax adjustment.

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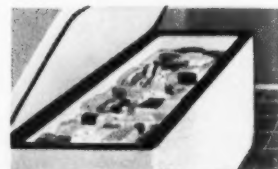
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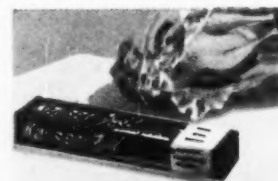
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Trend of American Business

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Business indicators are pointing upward uniformly at this time.

Upward trend in business activity is to go on for quite a while, too.

Prospect is for a rise in business volume until after mid-1953 at least.

All major influences on activity are in a rise now, except for exports.

Government spending is rising; so are business spending and consumer spending.

To cite a few more specific indexes of activity:

Retail trade in October broke all records for soft goods and in total was at a high for the year, seasonal factors considered. More details on page 76.

Construction contracts awarded in the 37 States east of the Rockies are up 3 per cent from last year, itself a record. That's for 10 months. Outlook for construction in 1953 is detailed on page 52. It's to be high.

Factory production is inching up from record levels since World War II.

Employment is at a record high, too, and so are earnings. Factory wages averaged \$70.80 a week in October. The work week was an hour longer than a year ago and earnings were 9 cents an hour higher. Weekly pay: up \$5.39.

Nearly all areas of the country show improved business activity.

Major employment areas in general show tightening labor markets. That's the report for November by Labor Department's Bureau of Employment Security.

Balanced labor supply--meaning enough workers to fill available jobs but with little unemployment--is reported for 80 of the nation's 181 major areas.

Labor shortages are reported for Hartford, Conn.; Aiken, S. C.; Wichita, Kans.; Battle Creek, Mich. These are all centers of defense activity.

Moderate labor surplus is reported for 79 centers.

Labor surplus is found in 18 major areas, mostly in New England textile centers, parts of North Carolina, Pennsylvania coal areas, and in Puerto Rico.

Biggest shift is the designation of Detroit as an area of labor balance. A year ago, unemployment was large there. Now labor shortages may develop.

Main point, however, is that most of the country is enjoying a wide degree of prosperity and with few stresses and strains.

Factory orders are piling up, assuring high activity for some months.

New orders placed in September (latest available figures) amounted to 24.2 billion dollars, up from 21.5 billion in August. Orders for durable goods accounted for 12 billion; for nondurables, 12.2 billion.

Order backlog hit 75.1 billions, of which 71.7 billions is for durables. That will keep plants busy for more than three months at recent delivery rates.

Gains in backlogs recently have centered in fabricated metal products, electrical equipment and transportation equipment. This reflects an upturn in demand for consumer hard goods, such as furniture and appliances.

Reduced backlogs are reported for machine tools and heavy equipment. New
(over)

TREND OF AMERICAN BUSINESS--(Continued)

orders for these items are not coming in as fast as old orders are filled.

Primary metals, such as steel and aluminum, also are reducing backlogs. That is because productive capacity has expanded in these lines.

The backlog of orders for soft goods is seldom very large, since orders for these products usually are filled promptly. Backlog for September was 3.4 billion dollars, marking a fifth consecutive monthly rise in nondurable lines.

People's savings, as measured by Commerce Department, have been running at an unusually high peacetime rate for about 18 months.

Savings rate amounted to 7.5 per cent of personal income, after taxes, for the January-March quarter of 1952, dipped to 7.1 per cent in April-June, and jumped to 8.6 per cent for the July-September period. During the last half of 1951, people were reported to be saving 9.1 per cent of after-tax income.

High savings by individuals explain in part why inflationary pressures have subsided. People are not spending as much as they could spend. But high savings also surprise merchants. Sales don't seem to rise as they should.

One reason for high savings may well be that people are paying off debts run up in recent years. Debt payments are counted as savings and people have gone heavily into debt for houses, autos, and appliances.

The trend to higher savings, however, may force analysts to revise their estimates of what people will spend. If they save more of their incomes, they obviously will spend less, and that will affect business sales planning.

Controls, however, are made less necessary by spending trends.

Price controls are little more than paper controls at the moment.

Ceilings are gone from women's clothing prices, soon will go for men's. Actually, about two thirds of the items in a family budget are control-free.

Rumors have been broadcast and denied that price controls soon are to be scrapped altogether. Fact seems to be that a plan for ending controls is in the works and may be applied within three months.

Outlook definitely points to an end to wage-price controls by April 30, the expiration date set by present law. The incoming Republican Congress is not expected to continue these controls beyond that date.

An end to wage controls would relieve officials of lots of headaches.

Material controls present a somewhat different problem.

Supply of most basic materials--steel and aluminum, for example--is increasing, but demand also continues to hold high. Nickel, on the other hand, remains scarce and, in official opinion, needs to be controlled indefinitely.

Official recommendation is likely to be to keep Controlled Materials Plan on the books, but to ease up on restrictions as fast as the supply allows.

New England's textile industry has had its ailments diagnosed.

Recommendations: Eliminate the wage differential between North and South, preferably by raising Southern wages; raise New England's work load; reduce costs by investing in improved machinery, more progressive managements; place less emphasis on manufacturing taxes; get cheaper power and fuel; see that New England's interests aren't ignored by federal policies.

Diagnosis comes from a committee appointed by New England Governors.



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WHAT'S AHEAD FOR THE UNIONS?

New CIO, AFL Heads Must Adjust to Ike Victory

AFL and CIO, under new leaders, will tend to draw closer together when Republicans take over. They will join to protect gains under Democrats. Merger, as a result, may be closer.

CIO, without Murray, will be divided. AFL, with Meany at the head, will make changes. But there will be no letup in demands for higher wages, bigger pensions, other benefits.

ATLANTIC CITY

Unions that make up the CIO and the AFL are to face a variety of new problems in the months ahead. These problems are brought on by changes in top leadership of both organizations, and by a change in official attitudes in Washington. Employers have a big stake in the way unions react to the new situation.

A clue to policies that big unions can be expected to follow is found in private comments of labor leaders attending the CIO's annual convention here. These comments, made in conversation with an editor of *U.S. News & World Report*,



PRESIDENTIAL WINNERS: EISENHOWER AND MEANY
Will the AFL be more aggressive?

indicate the direction in which big unions will be heading in 1953.

Division in the CIO, created by the struggle over a successor to the late Philip Murray, is expected to continue indefinitely. Individual unions are likely to be more on their own in determining policies. The man who succeeds Murray as president will lack at the start the

power and prestige that Murray had. The pre-convention battle for the presidency between Allan S. Haywood and Walter P. Reuther created bad feeling that will not disappear quickly.

AFL relations with employers, on the other hand, may turn out to be somewhat more aggressive than in the recent past. George Meany, who succeeds the late William Green as president, is more likely to take the offensive in his dealings with employers than was Green in his later years.

Policies and attitudes of both CIO and AFL are counted on by most labor insiders to be drawn closer together when the Republicans take over control of Congress and the White House. Here is the line the talk takes in the rooms and corridors of the CIO Convention.

Merger of the two big labor organizations is believed somewhat nearer, a common defense against an Administration that is expected to be less friendly than Administrations of the last 20 years. Many of the old obstacles to merger remain, however, and it will take a long time to work out union jurisdictions.

Bargaining between employers and unions will be conducted in a new atmosphere. Unions cannot count on as much help from the White House in settling disputes.

Wage demands will not be cut much if any. AFL and CIO leaders won't do



PRESIDENTIAL CONTENDERS: REUTHER AND HAYWOOD
Will the CIO remain divided?

anything to discourage pay demands that the unions come up with. As long as employment stays at a high level nationally, labor leaders expect to be successful in their wage demands.

Employer resistance to wage increases, on the other hand, is to be greater in 1953, in the view of some union officials. The Republican victory is expected to encourage some employers to slow the trend toward annual raises.

Strikes, as a result, may become more numerous, especially in the smaller companies. In major industries, however, injunctions will be used more frequently to block strikes, such as in coal and steel. President Eisenhower probably will use Taft-Hartley injunctions for emergency disputes in more cases than Truman did.

Escalator clauses, tying wages to the cost of living, are to become less popular. Although Walter Reuther accepted this idea for the Auto Workers, he now is trying to amend the contracts to prevent drastic pay cuts if living costs go into a steep decline. Auto Workers just took a 1-cent-an-hour cut on this basis. Many other unions are shying away from escalator plans.

Long-term agreements, promising annual raises on top of living-cost adjustments, still have more than two years to go in the auto industry. Unions in many other industries, however, frown on long-term contracts.

Annual-wage plans, guaranteeing a minimum income each year, are to remain on the list of CIO demands, but insistence on immediate action is not expected. The AFL doesn't think it's worth while even talking about such plans, at this time.

Pension programs, financed by industry, are to get more emphasis by unions, especially those in the CIO. Leaders do not expect Congress to raise the retirement benefits under Social Security, and will press employers to provide more pensions. Where pensions have been established, unions will ask larger benefits.

Political problems of the AFL and CIO also are to increase. Union officials see a stepping-up of political activity by both big labor organizations. Meany took a leading part in ending the AFL's policy of not endorsing presidential candidates. Although the AFL and CIO supported Governor Adlai E. Stevenson, they do not consider that his defeat meant lack of strength by labor. They contend that industrial areas showed heavy Democratic strength in many cities, and that unions can be more effective in the 1954 congressional races.

Legislative proposals will be put forward by both labor organizations, but mainly for the record. Unions expect to be on the defensive in Congress, with their efforts concentrated on preventing restrictive legislation.

(Continued on page 68)



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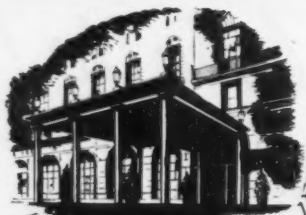
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Labor Week

BLOW TO SLOWDOWN STRIKES

Federal Ruling Gives Employers a Weapon

Slowdown strikes, like the sit-down strikes of the late '30s, may be on the way out. Employers now can count on more help from the Government in stopping them.

On the basis of decisions by the National Labor Relations Board:

Wage discussions or other types of bargaining can be called off by an employer when a union starts a slowdown. What's more, the employer need not resume bargaining until the slowdown ends. NLRB reached this conclusion in a recent decision involving workers in a plant of the Phelps Dodge Copper Products Corp., Elizabeth, N. J. The union, in this case, had told members to refrain from overtime and incentive-pay work, but permitted other operations to continue.

Penalties also can be levied against workers who join in a slowdown. The NLRB pointed out that it earlier had ruled that employers can discharge workers or otherwise penalize them for a slowdown strike. Although Phelps Dodge knew that this weapon was available, it preferred the less drastic method of halting negotiations. Other employers may find that it is more effective to punish the union by refusing to bargain than to resort to firing strikers.

However, when an employer breaks off contract talks with a union because

of a slowdown, the union still retains its bargaining rights, NLRB advises. The union can force the company to resume the talks after regular production is restored.

Basis of the decision in the Phelps Dodge case is that a union cannot accuse an employer of failure to bargain when the union itself is guilty of unfair bargaining tactics. Reasoning of the NLRB is set forth in an opinion approved unanimously by the board, whose Chairman is Paul M. Herzog.

The Board rejects the CIO union's charge that the company violated the Taft-Hartley Act by refusing to bargain during the slowdown. Although the company won on this major point, it lost on other issues. NLRB finds that the company failed to bargain in good faith when it insisted that the union take any fringe benefits in the form of a wage increase and when it refused to supply information on its insurance program for employees.

On the slowdown question, the Board declares that "it is well established that a slowdown is a form of concerted activity unprotected by the Act." It cites Supreme Court approval of this point in another case.

The opinion of the National Labor Relations Board also declares that a slowdown is wrong because it is a



—Plummer from Black Star

NLRB CHAIRMAN PAUL HERZOG

. . . slowdown strikes may become fewer

attempt of workers to dictate their own terms of employment; they are accepting pay from their employer without giving him a regular return of work done.

Effects of this ruling are likely to be widespread, as union lawyers indicated in their statements to NLRB. Employers in various industries have suspected that the so-called spontaneous slowdowns among their employes were prompted by word from union leaders. These slowdowns come sometimes when a union is in negotiations with the employer but is unwilling to take a chance on an all-out strike, where workers leave the plant and walk a picket line.

One risk involved in the all-out strike is that the employer can replace the strikers with new workers, and does not need to reinstate the strikers when the dispute is over, unless the walkout involves an unfair labor practice on his part. Due to that risk, unions sometimes prefer to use the slowdown.

But now the slowdown may go the way of the sit-down. CIO unions in the auto, rubber and some other industries got their start in 1936 and 1937 with the help of sit-down strikes, where union members stopped work and took over the plants.

The sit-down later was doomed by a Supreme Court ruling, and now strikers can be fired for engaging in it.

Job Seekers Grow Scarcer

The nation's labor supply is tightening up. Cities that recently were listed as having more workers than jobs now are listed as having a "balanced" labor supply.

Some cities soon are likely to report a shortage of workers. Employers can look for this tight labor supply to continue well into 1953.

Evidence of this trend is reported by the Labor Department's Bureau of Employment Security, in its latest check on the jobs-versus-workers situation.

Thirteen major labor areas, formerly listed as having moderate surpluses of labor, are found to have a balanced labor market, where the number of workers looking for jobs about equals the jobs now available or soon to open up. These cities include Detroit, St. Louis, Minneapolis, St. Paul, Houston, Miami, South Bend, Trenton, Oklahoma City and others.

A new labor-shortage area also was listed by the Bureau: Battle Creek, Mich., where considerable expansion of defense employment was reported.

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PAY-AS-YOU-GO SOCIAL SECURITY

The Plan: Today's Benefits From Today's Taxes

Under new plans for Social Security, widely urged:

All workers, including millions not now covered, will come into old-age pension system.

Cost of Social Security will go on a pay-as-you-go basis—no more huge reserve funds.

Pay-roll taxes will be just enough to cover current benefits.

Here is the real meaning of these new plans.

Drastic changes in the Government's whole system of old-age pensions are to get serious attention from the new Republican Congress.

A new plan, favored by a growing number of businessmen and business organizations, calls for an end to the idea of a multibillion-dollar Social Security reserve fund. Pay-roll taxes, instead, would be levied only as needed to finance pensions for all on a pay-as-you-go basis.

The pay-as-you-go plan is listed, too, in studies already authorized by the U.S. Senate. The Republican platform—calling for a "simple, more effective" program—promises "a thorough study of universal pay-as-we-go pension plans." Now thousands of businessmen are preparing to vote on the issue in a poll taken by the U.S. Chamber of Commerce, which strongly favors the new plan.

Wide interest shown by these groups assures that the whole New Deal system of pensions based on "social insurance" is due for a going over and, perhaps, abandonment for a different plan. The change, if it comes, is to have immediate significance for workers, employers, the self-employed and, eventually, for just about everybody in the country.

What will be done, if new plans for remodeling the country's pension system are adopted, is this:

All federal schemes for retirement benefits will be combined in one. Plans to be merged with Social Security include the Railroad Retirement system, the Civil Service Retirement system and a number of others. Retirement programs of the military services probably will be studied for inclusion.

All workers will be included in the big system. Farmers, doctors, lawyers,



OLD-AGE PENSIONS . . . FOR EVERYBODY?
It would mean an end to federal "relief" payments

others now excluded from Social Security will be brought in.

All people aged 65 or over will become eligible for pensions if they are not still working. Several million retired persons who are not eligible for benefits now will be made eligible for minimum pensions. Cost of pensions for these older people who have not paid enough Social Security pay-roll taxes to rate a monthly benefit will, if necessary, be borne by the 16.5-billion-dollar Social Security reserve fund.

Reserve fund will be allowed to dwindle to a small working account of perhaps a few billions. Idea of building up a fund to 150 billion dollars or more, to

finance pensions when costs rise in future years, will be abandoned.

Pay-roll taxes will rise only as rapidly as they need to rise in order to pay current pensions and the cost of administration. Those taxes now bring in about 3.5 billion dollars a year, while benefits are about 2 billion. The extra 1.5 billion goes to build the reserve fund, with periodic tax increases scheduled to keep the fund growing.

Those, briefly, are the main changes that almost certainly will go along with any shift to pay-as-you-go Social Security. Still other changes are being pushed by those who are supporting a new approach to pensions.

Cost of Social Security— Present and Proposed

TOTAL BENEFITS		Year	PAY-ROLL TAXES	
Estimated, Billions of Dollars			Employer and Employee Both	
Present	Proposed		Present	Proposed
2.7	—	1953	1.5%	1.03%
3.1	4.5	1955	2.00	1.18
4.5	6.0	1960	2.5	1.66
7.0	8.8	1970	3.25	2.34
9.4	11.8	1980	3.25	3.00
11.9	14.9	1990	3.25	3.63
13.3	16.6	2000	3.25	3.9

Old-age assistance—the "relief" system for older people who get little or no retirement pension—will be abandoned by the Federal Government under some of these plans. Right now, the Federal Government pays a large part of the cost of local relief. Idea is that these aged people should begin to draw Social Security retirement benefits instead of relief.

Size of benefits will remain generally unchanged if these new plans are adopted. And the system under which workers qualify for retirement pensions, by earning wage credits and paying taxes, also is included in new plans. Some changes, though, are proposed by pay-as-you-go backers in Congress and industry.

Minimum benefits—now \$25 or \$26 a month for a retired worker—might need to be increased. Idea is to emphasize a "floor of security," and a \$26-a-month floor is considered low. Larger pensions for retiring workers who have paid Social Security taxes for long periods of years, too, may be provided.

Cost of the new system, if it is adopted, is expected to be about the same as that of the present system, except for added costs of expansion to take in all workers. Right now, about a fourth of all workers are excluded. So extension of Social Security to these would increase benefit costs in future years by about a fourth. Not all of that increase, by any means, is looked upon as a new cost. Millions of those now excluded by Social Security are covered by other programs that are listed for merging with the new plan.

A temporary jump in costs, a big one, will result from any plan that suddenly provides pensions for all the retired old people not now eligible for benefits. That cost is estimated at about 1.5 billion dollars or more each year for a time, with a steady decline as the new pensioners die off.

Effects of the new system, if adopted, are to be noticed by just about all individuals. Specifically, here is what will happen:

Retired workers, aged 65 or more, who now are not eligible for pensions will start to draw monthly benefits of \$25 to \$35 a month. Their wives, if 65 or over, will draw half that much.

Survivors of workers who have died—that is, survivors who now get no benefits—will begin to receive monthly Government checks. These, too, will be on a minimum basis.

Altogether, some 8 to 10 million persons might become eligible for these checks. No more than half that many, however, are regarded as likely to retire and apply for the small minimum benefits in prospect.

Aged persons on relief are among those who will start drawing retirement benefits—in place of relief—if new plans

(Continued on page 72)



Great...in Resources



Great...as a Consuming Market



Great...as a Location for Industry



Four states served by the Minneapolis & St. Louis Railway comprise the heart of the Great Midwest, America's foremost agricultural producer and a vast consuming market.

On the solid foundation of wealth from fertile farms, the Midwest has built a mighty industry, which each year grows greater in scope and diversity.

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Minnesota, South Dakota, Iowa and Illinois boast unsurpassed resources of soil, climate, fuel, power, water, skilled labor and raw materials. In these states, the M. & St. L. offers advantageous sites for manufacturing and distributing plants, in thriving, progressive communities on its lines.

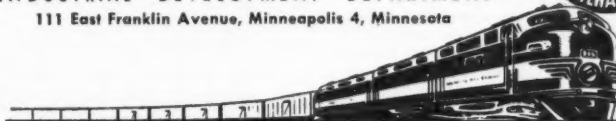
For these, as it has in more than 80 years for Midwest industry, trade and agriculture, the M. & St. L. will provide

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Years to come.



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First
in
newsstand
growth

"U. S. News & World Report" led all magazines in its field with an average gain in newsstand sales of 4,615 copies for the six months period, January-June, 1952 over the same period in 1951, according to the latest statements of the Audit Bureau of Circulations.



Borden's

DIVIDEND No. 171

The final dividend for the year 1952 of one dollar (\$1.00) per share has been declared on the capital stock of **The Borden Company**, payable December 20, 1952, to stockholders of record at the close of business December 5, 1952.

E. L. NOETZEL

November 25, 1952

Treasurer

Finance Week

. . . Social Security tax would go down now, rise later

go through. Idea here is to get the Federal Government entirely out of the old-age relief business. States then could provide additional assistance for these same individuals if they want to, but not with U. S. grants. The grants would taper to an early end.

Right now, there are about 2.6 million aged persons receiving public assistance, or relief. Their aid averages about \$46.60 a month for each person. A move to give them the minimum Social Security benefits will mean less money to live on for many, instead of more, unless States and localities continue to supplement their income.

Such a move means, too, that much of the cost of supporting this group of aged persons will come out of pay-roll

Workers generally, along with their employers, will go on a new pay-roll tax schedule. The table on page 70 shows what the required schedule would be if a pay-as-you-go plan were adopted in its entirety. It means, briefly, lower taxes now, since there is no need under a new system to build up a huge reserve fund. On the other hand, it means higher taxes later, without any big reserve fund to help pay costs when those costs grow.

Actually, the tax rate under any revised plan probably will be reduced little, if any. For one reason, added funds will be needed to pay benefits to the additional 4 or 5 million old people listed for benefits under the plan. Also, the idea is to go slow on the plan until it can be observed in action.



-New York Central

RAILROAD WORKER . . . HAS HIS OWN PLAN

Will it be merged in an over-all scheme?

taxes, instead of the general revenues of Government.

Doctors, lawyers, farmers and others not now covered by Social Security will be blanketed into the Social Security scheme. They will get Social Security cards, start paying pay-roll taxes, and begin to build up credits toward retirement benefits.

Railroad workers, federal employees and others who now have their own separate systems will become a part of the new, expanded pay-as-you-go Social Security program. What happens to these other systems will be up to Congress to decide. Best bet, if the new Social Security ideas go into effect, is that they will in some cases continue to provide additional benefits for those taken in from other systems.

Even without any further increase in benefits, though, pay-roll taxes in some future years will be considerably higher if the new idea is adopted.

In 1970, employees and employers each would have a pay-roll tax of 3.25 per cent on the basis of present law. Under pay-as-you-go, their tax in 1970 would be only 2.34 per cent. By the year 2000, though, they would pay 3.9 per cent each, against 3.25 per cent in present law. Self-employed persons, by the year 2000, would be paying 5.85 per cent, against 4.875 under the present plan.

Remodeled Social Security, in any case, is certain to get serious consideration under a Republican Administration and a Republican Congress. In the process, an important New Deal landmark may undergo extensive alterations.

NEWS *You* CAN USE

IN YOUR PERSONAL PLANNING

Better act fast if you want to be on hand for the inauguration of General Eisenhower in January. It's expected to be a sellout.

INAUGURAL SUGGESTIONS. See your State Republican Committee for hotel rooms, admission cards for the Capitol ceremony, good seats for the parade, tickets to the Inaugural Ball. Each of these Committees is getting allocations.

Or, for a seat at the inaugural ceremony, you might see your Senator or Congressman. Senators get 10 tickets each, Congressmen seven.

If you will take a room in a private home or boardinghouse, you can write to Housing Committee, Inaugural Committee, 1420 Pennsylvania Ave., Washington.

Nearly all the Washington hotels report that they are sold out already.

HOME BY CHRISTMAS. If your boy is scheduled for release from the armed forces between now and the early part of January, the chances are good that he will be out in time for Christmas at home. That's to be official policy.

There will be exceptions, but here are the general rules:

Men in continental U.S., due for separation on January 5 or earlier, will be rushed through the separation procedures and released by December 20.

Men returning from overseas for separation will be released as quickly as possible after they arrive in the United States.

RETIRE TO A FARM? Many businessmen, 65 or over, would like to retire to small farms, but fear they can't make a living at it.

If this applies to you, don't overlook the help you will get from a Social Security pension. Chances are that you will receive \$85 or so per month, plus about \$42 if your wife is past 65.

Note this: You will continue to draw that pension regardless of how much you earn at farming--or at any other occupation that is not covered by the Social Security retirement system.

GI INSURANCE. Veterans holding GI policies from World War II need to take note of a new Supreme Court decision affecting payments to beneficiaries.

Important point is that only a living person can receive the proceeds of such a policy. This means that if your beneficiary dies before receiving the full amount provided by the policy, the remainder cannot be paid to the estate of the beneficiary. The Court holds that this rule applies even to installments due to the beneficiary but not yet paid at the time of his death.

To avoid a legal mix-up after your death, you might do well to write into your policy, in order, the names of alternative beneficiaries.

(over)

STOCK MARKET. The market is in a new testing period. You'll want to watch it. Point is that, on November 24, the average prices of stocks on the market pushed above the high levels of last August. When that happened, according to those who follow the Dow Theory, signal went up for a continuing bull market.

DOW THEORY. Even if you yourself don't hold with the Dow Theory, you can hardly ignore it as a factor in the market. It is important because so many people do follow it, if for no other reason. Here's the theory, in essence:

When the Dow-Jones averages, both industrials and rails, break through their previous high points, as happened on November 24, then the "primary up-trend" in stock prices is reaffirmed. In little words, that means you can expect the bull market to go on for a while.

WHAT TO LOOK FOR. The question now is whether the market will behave in such a way as to prove what the theory suggests. The theorists watch for decisive rise above the previous highs.

Prices, just after the break-through on November 24, hovered moderately above the theoretical testing points. On the Dow-Jones index for industrial stocks, that testing point was 280.29. For rail stocks, it was 104.89.

GIFTS. Reminder to people with estate problems:

This is the season of the year when you need to consider the tax advantage of gifts made to relatives during your life. The estate tax might eat up a large portion of the money or property you hold until death.

Remember this: Each year, from now until you die, you can give the family a limited amount free of the gift tax. If you want to take advantage of the tax exemption you have coming on 1952 gifts, you can't wait much longer. Any transfer under this year's exemption must take place by December 31.

TAX-FREE GIFTS. The law allows two kinds of gift-tax exemptions:

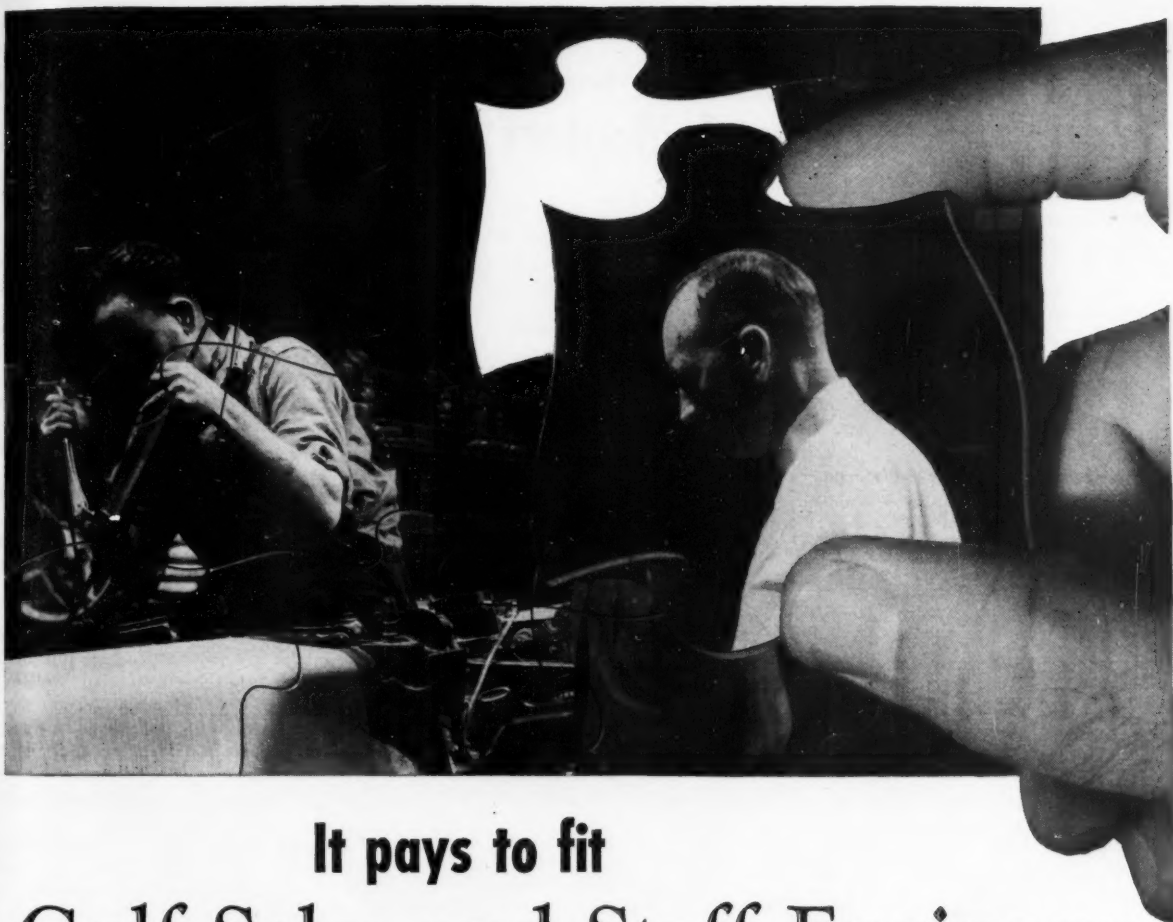
(1) You can make tax-free annual gifts of as much as \$3,000 each to as many different persons as you wish; (2) in addition, you are entitled to a lifetime exemption of \$30,000, which can be used up all at once or stretched out over a period of years. This means that you can, if you wish, give your son or daughter as much as \$33,000 in one year without paying a gift tax.

COMMUNITY PROPERTY. Note that the split-income principle, written into tax law in 1948, applies to gifts as well as income.

This means that exemptions stated above are doubled in the case of gifts from husband to wife, or vice versa. In effect, the law assumes that half of any gift you make to your wife was hers already. Thus, on gifts between spouses, the annual exemption becomes \$6,000, and the lifetime exemption \$60,000.

It also means that, if a married man makes a gift to some other person, say a child, he can consider that half of it came from his wife, if she agrees. That, again, doubles the exemption.

WARNING TO TAXPAYERS. The gift tax and the income tax are separate. You get no income tax exemption on money you earn just because you give part of it to the family and pay gift tax on it.



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PLUS & MINUS

Latest Indicators of Business Activity

Past records for retail trade, including those set in the scare-buying waves of August, 1950, and January, 1951, have recently been broken.

Retail-store sales mounted to a rate of 173 billion dollars per year in October, 5 per cent above September and 9 per cent above a year earlier. Auto sales were up 14 per cent from September; furniture and appliance sales, 4 per cent; apparel, 6.

The spurt carried store sales 3 per cent above their previous high of January, 1951. Soft-goods sales were 8 per cent above January, 1951; hard-goods sales, 5 per cent below.

Fat pay envelopes of consumers have been responsible. Personal incomes were running at a rate of 273 billions per year in September, up 9 billions since July. Weekly pay in manufacturing set a new record high of \$70.80 per worker in October. Employment, too, is at the highest ever. Only 1.3 million persons were jobless in October, a postwar low.

Population gains are steadily providing a broader base for retail trade. On September 1 there were 157.5 million persons in the U. S., about 5.8 millions more than when the Korean war started. By 1960, the U. S. population will approach 175 million.

Easier credit terms also are playing a part. Installment credit outstanding on October 1 had risen nearly 2 billions above May 1. The Government removed controls from installment credit on May 8, 1952.

Retail prices, meanwhile, have flattened out. As the top chart shows, the drop in wholesale prices that began early in 1951 has at last put a stop to the

rise in living costs. This parallels the movement in many other countries, where inflation has come to a halt.

U. S. food prices, which make up a third of the cost of living, have been falling steadily since July 15. Their decline has kept consumers from being pinched by the continued rise in costs

income is slipping, and the city consumer is reaping the benefit.

Bigger quantities of goods are flowing to consumers now that the dollars they spend do not go to pay higher and higher prices. The physical volume of retail sales in October was only 1 per cent below January, 1951.

A stimulus to future sales is to be expected in 1954, when a tax cut of 5 or 10 per cent in taxes on individual incomes may become effective.

Business activity as a whole continues strong.

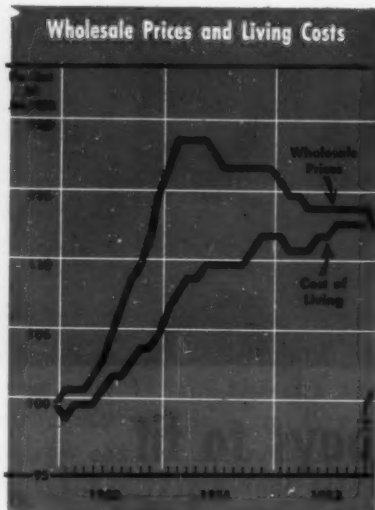
Factory output stayed at its peacetime high of 238 on the indicator in the week ended November 22. The auto and steel industries are active.

Low inventories of household appliances and TV sets assure that production of these goods will hold up well in coming months. Manufacturers' stocks of TV sets are down two thirds from a year ago. Refrigerator stocks of manufacturers and wholesalers are down 55 per cent; washing machines, 34; electric ranges, 30.

Bank credit is still pouring into the economy. Loans to business increased 169 millions at weekly reporting banks in the week ended November 19, making a gain of over 2 billions since September 1.

Contract awards for new construction are heavy. Official estimates of 1953 construction put it a bit higher than in 1952.

Long-run strength of business activity will depend on how freely consumers spend for the big output of goods that industry can supply. At this time there is no sign that total consumer demand is flagging.

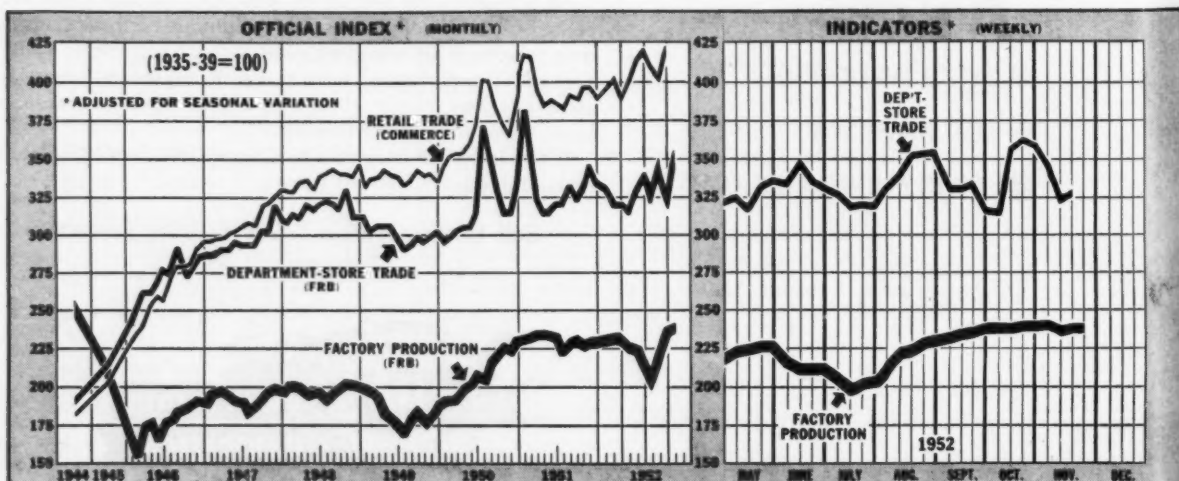


Source: BLS

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of rent, fuel, electricity and refrigeration, and services of various kinds. Prices of clothing and housefurnishings have been steady.

Wholesale prices, as the chart shows, are now 13 per cent above January, 1950, the same rise that living costs have had. At wholesale, the chief weakness for a long while has been in prices of farm products. The farmer's



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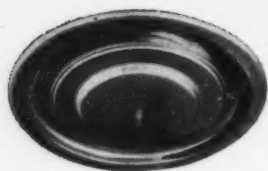
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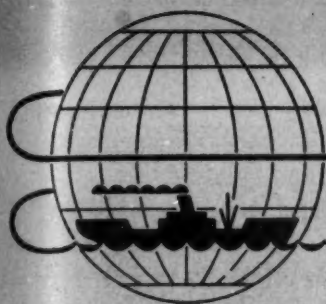
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Business Around the World

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>> Keep your eye on the British Commonwealth Conference in London. It's the first move in a march that will come right up to your own doorstep.

Economic woes of the British Commonwealth are to be raked over.

Possible solutions are to be agreed upon. That's Step 1.

Commonwealth proposals are then to be meshed in, if possible, with economic plans of Western European countries. That's Step 2.

Then a joint approach will be made to Washington, perhaps next spring, to co-ordinate economic planning on both sides of the Atlantic. Step 3.

But it's clear that other areas, particularly Latin America, will want to get in the act, too. So 1953 may see a maze of economic plans turning up in Washington for the urgent attention of the new President.

It's not handouts that these countries are after. They want, rather, to sell more in the U.S. and to produce more of what they can sell here. That's the only permanent solution they can see for their perennial dollar shortages.

>> Don't expect anything very dramatic to come out of the Commonwealth economic conference in London. It's a family affair. A big family with big differences. Compromises will be the order of the day.

The one aim, agreed to by all, is to bring the sterling area nearer to a lasting balance, or, better yet, a surplus, in its dollar accounts. Vast ups and downs in dollar earnings and dollar outlays must be leveled off.

The London conference will be mulling over such matters as these:

Should import curbs be eased? Severe import restrictions have recently brought the sterling area's income and outgo into balance. Australia and Britain are to import a bit more from nondollar sources. Should other British countries follow suit? Dollar import limitations are likely to remain for a while. Twice in postwar years they were taken off too soon.

Should austerity be carried further? In London there's a feeling that many Commonwealth countries are putting too much effort into producing consumer goods for their own use--that capital, plant and labor should be put to work rather on goods that can be sold for dollars. Such rechanneling of effort could cause temporary unemployment and isn't popular with politicians.

Are deflationary measures strong enough? One way to keep down consumption at home is by high taxes, high interest rates, credit controls. Britain has led the way in this field. Others could do much more.

How about development capital for the Commonwealth? Britain used to be the big source for this. Now she can spare little. Should the investment climate in the Commonwealth be made more favorable for American capital?

How to stabilize commodity prices? Big price swings for materials such as

(over)

BUSINESS AROUND THE WORLD--(Continued)

rubber, wool and tin worry Commonwealth producers and, more than anything else, account for the big changes in the sterling area's dollar earnings. Should attempts be made to interest the U.S. in long-term purchase agreements?

Should a rise in the price of gold be again suggested to the U.S.? South Africa, a big gold producer, is all for this. The U.S. is strongly opposed.

Should pressure be put on the U.S. to reduce tariffs? Some in London will suggest raising preferential tariffs in the Commonwealth against the U.S. unless American tariffs are lowered and import quotas are removed. Wiser minds will probably prevail in London. But the Commonwealth will undoubtedly join Western Europe in strong opposition to U.S. tariffs. Only a very few in Europe realize that completely wiping out U.S. tariffs would not result in enough new trade to bridge the dollar gap or come anywhere near it.

>> The issue to be discussed in London that arouses most speculative interest is whether the pound will be made convertible into dollars.

The Commonwealth aims at convertibility sometime. But hardly right now.

Sterling area's gold and dollar reserves, increasing slowly, are still much too modest to risk a run on the pound. But the Commonwealth may vote in London to ask the U.S. to set up a currency-stabilization fund in the interests of restoring convertibility and stimulating trade by breaking through exchange controls. Or the U.S. might be asked to join in some sort of Atlantic Payments Union patterned on the European Payments Union but with wider application.

>> Intention at London is to come up with a positive program that will show the U.S. that the Commonwealth will do everything possible to earn dollars and to move as fast as possible away from discrimination against dollar goods.

This will be the springboard for an approach to Washington--possibly in concert with West European countries. By-word will be "trade, not aid."

U.S. help will still be needed. But it can be converted from pure charity to an acceptable commercial basis. New approach may sound like this:

U.S. taxpayers will benefit if Washington will buy more weapons and war supplies in Europe where prices are cheaper.....

Commodity-purchase agreements would assure American businessmen of adequate supplies of raw materials at stabilized price levels.....

Production of strategic materials could be stepped up markedly in Europe's colonial areas by use of American capital for development. Results should be cheaper prices and profitable investment ventures.....

It's this sort of pocketbook appeal that Washington can expect to hear, as the dollar-hungry countries bring in their propositions.

>> Big aluminum project planned for the Gold Coast shows London is alive to possibilities of saving dollars by developing Commonwealth resources.

Joint venture of the British Government, Gold Coast Government and two aluminum companies is aimed at ultimately producing 210,000 tons of aluminum a year. Cost is estimated at 403 million dollars. Bauxite mines and smelter will be run by private enterprise but Gold Coast may provide some equity capital. The two governments will share cost of power plant, port facilities, etc.

Britain uses more than 300,000 tons of aluminum a year. Four fifths of this comes from dollar sources, mainly Canada. A sterling-area source will help. Britain's needs for aluminum will probably triple by 1975.

BUSINESS IN MOTION

To our Colleagues in American Business...

It is sometimes asked whether distribution costs would not be reduced if purchasing were direct, eliminating distributors. The answer is that if this were practical, the forces of competition would have brought it about long ago. The fact is that the factory-to-distributor system evolved in response to the need for it. Distributors provide the most efficient and economical way yet found to give fast local service. Take the case of a machine shop wanting a few hundred pounds of brass rod; the rod mill would find it prohibitively expensive to seek the business, check credit, make up such a small order, and ship it. The distributor, on the other hand, can do this and make a profit, because that is his kind of business, in which he is a specialist. A factory cannot hope to approach his speed, economy and efficiency on the smaller orders.

By combining the estimated demands of his market, let us again say for brass rod, the distributor is able to give the mill an order of attractive size, which it can handle profitably. The distributor's services in stocking goods, selling, assuming credit risks, filling and shipping many local orders are generally recognized. There is another aspect of the work of the distributor that is less well known. It can be referred to as his stabilizing influence. Just as many brooks join to make a mighty river, so distributor sales to customers in thousands of cities and towns help produce a steady flow of business. This in turn aids the manufacturer to maintain employment, retain skilled

workers, buy raw materials advantageously, keep overhead down. Stability of production, to which distributors contribute, favorably influences the prosperity of our country, because everybody benefits from steadiness in production and marketing.

Revere advertisements in trade and technical publications contain this line in the signature: "Distributors Everywhere." These distributors were selected for their ability to serve their customers, and were also spotted geographically so that no matter where you are in this big country of ours, there is a Revere Distributor within easy reach. In every other industry you will find similar distributor systems, linking producers with fabricators or retailers.

It is interesting to note the scope of a metal distributor's operations. He must have considerable capital, own or rent a large warehouse or warehouses, deal with thousands of individual customers, stock

tens of thousands of items, cut standard stock into special sizes, employ salesmen who are experts in various lines, publish catalogs, advertise, keep in close touch with the markets in his territory for various goods, buy skillfully, keep meticulous stock records, operate trucks, and serve as a central clearing house not only for products, but for information about them. A distributorship is a large and complicated business which renders an essential and economical service and makes profits in proportion to its performance. It is a vital link in American business.



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News-Lines

☒ **YOU CAN**, as operator of a **department store**, prohibit union organizers from recruiting activities in your employes restaurant and in public waiting, rest and wash rooms of the store. A circuit court of appeals holds that an employer has a right to prevent solicitation in such places by union organizers who are not employes of the store.

* * *

☒ **YOU CAN** disregard price ceilings for most kinds of **clothing** for women and girls. The Office of Price Stabilization suspends price controls at all levels for most women's and misses' apparel and apparel furnishings and accessories.

* * *

☒ **YOU CAN** sometimes get recognition of a **family partnership**, for tax purposes, even though some of the family members of the firm contribute little to the business in the way of capital or services. A circuit court of appeals finds that the sons of two partners were bona fide members of the partnership even though their contribution of cash was small and they did little work for the business.

* * *

☒ **YOU CAN**, as manager of a corporation, sometimes give employes a chance to buy the company's **stock**, without filing a registration statement with the Securities and Exchange Commission. A circuit court of appeals rules that no registration statement was required where a company offered annually, without solicitation, stock for purchase by its key employes.

* * *

☒ **YOU CAN** find out from offices of the Renegotiation Board what types of **pension costs** can properly be charged by defense contractors against renegotiable sales to the Government. The Board issues a staff bulletin to clarify what types of pension costs can and cannot, be charged against renegotiable sales.

* * *

☒ **YOU CAN** follow a simpler procedure in applying for a license to export **brass plumbing** goods. The export regulation for these items is eased by the Office of International Trade.

* * *

☒ **YOU CAN**, as operator of a small brass or bronze foundry, certify for yourself orders for **copper** raw materials needed to fill authorized orders for controlled materials. This permission by the

What you as a businessman CAN and CANNOT do as a result of federal court and administrative decisions:

National Production Authority applies to plants that use less than 10,000 pounds of raw copper materials a month and no more than 1,500 pounds of domestic refined copper.

X YOU CANNOT look for an early de-control of *nickel* by NPA. A meeting of users of nickel is told by NPA officials that this control will be needed "indefinitely" because of continued shortage of the metal.

X YOU CANNOT, as a *commodity trader*, fail to treat as a capital loss, for tax purposes, your loss on the sale of your seat on a produce exchange. The U. S. Tax Court holds, in a case involving sale of a place on the New York Produce Exchange, that the seat was not part of the seller's stock in trade, was not subject to depreciation, and therefore was a capital asset.

X YOU CANNOT disregard price controls for all kinds of *yarns* and *fabrics*. OPS issues a statement on a recent decontrol order to make it clear that controls are not suspended on synthetic and silk yarns and fabrics composed of more than 50 per cent fibers or yarns that are not wool, cotton, silk or synthetics or combinations of any of these.

X YOU CANNOT legally fire an employee, under terms of a "*union shop*" contract, because his union dues were in arrears at the time the contract went into effect. A circuit court of appeals rules that both an employer and a union violated the Taft-Hartley Act in such a discharge. It was shown that the worker was fired for failure to make a payment to the union that included back dues for a period before the "union shop" contract took effect.

X YOU CANNOT count on any increase in the supply of products of *copper-wire* mills in the first quarter of 1953. NPA reports that this tight supply is expected to continue through the first quarter.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. News & World Report, on written request, will refer interested readers to sources of this basic material.

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THE ANSWER TO KOREA

BY DAVID LAWRENCE



THE ANSWER TO Korea can be and must be found in a resolute policy by the Eisenhower Administration and our allies.

This does not necessitate an all-out war.

But it does mean taking the necessary steps to defend the free world and the necessary risks that go with such a policy.

President-elect Eisenhower in Korea will get at first hand the facts on the military situation there. This will enable him to visualize later what can be done to defend our troops and fight back if the enemy decides to take the offensive. The build-up of strength for this contingency has been neglected by the Administration.

It is imperative that our troops be protected against sudden attack. It is imperative also that more South Korean army divisions be trained and equipped so that eventually—perhaps in another year or so—American troops can be placed in reserve and gradually large numbers of them sent back home.

The showdown itself in Korea should come by the end of 18 months, if not sooner.

By "showdown" is meant the exertion of pressure upon the Chinese Communists so as to compel a truce on our terms.

We have a "stalemate" now. For all practical purposes the Reds today are in the saddle. They think we want an armistice badly enough to accept any terms they dictate. They think we will never take the offensive, but will let our armies bleed on for the next ten years, standing on a fixed line. Our own and allied statements of policy have virtually told them so.

What can we do to make the Reds want a cease fire so badly that they will take it on our terms?

First, we can engage in an all-out war. But this we don't want to do.

Second, we can send American troops to the mainland of China along with Chinese nationalist troops. This we don't want to do either.

Third, we can encourage the Chinese nationalists and all Chinese "volunteers" who are ready to do battle against the Communists to fight on the mainland of Asia. We can furnish supplies in much the same way Russia is helping the Chinese Communists. By starting counter-moves on the mainland we shall cause the Communist Chinese to divert most of their best troops from Korea to the South of China. The number of their divisions fully trained and equipped is limited.

Fourth, we can inaugurate a system of "naval inspection." This need not be formalized as a "blockade."

We could examine cargoes at Suez and also on the approaches to the mainland of China beginning all the way from the Malayan coast. We have a right to investigate on the high seas those frauds committed originally in our own countries on export papers and ships' documents. Our object would be to stop any cargoes whose contents might be destined for North Korea. To say that this is an "act of war" and that Russia will resist it is to consult our fears and revert to the "do nothing" policies that have frustrated us for the last two years. Appeasement in 1938 brought on World War II.

Fifth, we must insist that all nations stop immediately the shipment of any materials or supplies which could possibly help the North Korean armies. We must ask the United Nations at once to commit all its member governments, including Russia and her satellites, to that procedure. The U. N. commander-in-chief in Korea who directs allied naval, air and army operations, can then issue proper instructions to the allied navies to carry out this inspection system. We would not destroy or harm any ships.

Sixth, we must lay before the United Nations, the formal charge that Russia has aided the aggressors. Shall Russia continue to sit in that body? Has she committed treason against her fellow members? Is she responsible for the Korean war? Russia must go on trial.

Seventh, Communist China has already been declared an "aggressor" by the U. N. but nothing has ever been done by the U. N. as a whole to punish the aggressor. It is essential to adopt a resolution asking all governments which now recognize Red China to withdraw that recognition. Also, a warning should be given that unless Red China withdraws from all Korea at once and agrees to free elections in China, her government will never be recognized or admitted to the U. N. Such a resolution would encourage the freedom-loving elements in China to resist.

The American people believe in the principle of collective security. But if the other nations of the world insist on throwing monkey wrenches into our diplomatic policies so as to frustrate every move we make toward unity on our side against the common enemy then the U. N. alliance isn't worth the paper it is written on, either, for Europe or Asia.

There must be firmness and resoluteness in the policies of our allies.

The answer to Korea is to be found not only in Washington after January 20th, but in all the other capitals of the free world.



IT SOUNDS NO SIRENS—BUT...

WHEN catastrophe has struck—hurricane, tornado, earthquake, explosion—one of the first vehicles to roll is the glass truck. The windows of the community must be replaced so that property may be protected and business can continue.

Plate glass windows are of many sizes. Even among the windows of one store they vary greatly. Where—of a sudden—will all the sizes come from?

From the well-stocked warehouses of glass distributors and their dealers. All Libbey-Owens-Ford Distributors are local men whose primary value to the community is their intimate knowledge of its needs. They specialize in having on hand always, the kinds and sizes of glass to fit every window in their communities.

It's this detailed familiarity with the types, sizes and quantities of glass needed in their areas that makes L-O-F Distributors and Dealers vital links between factory and you, the ultimate user. Furthermore, most L-O-F Distributors and Dealers are highly skilled at the art of cutting and shaping glass to your specifications.

Without these services geared to local needs, you would have to order from a distant factory, or have the factory set up warehouses and fabricating shops in your community. L-O-F thinks you are served best and most economically by these local, independent businessmen whose interests and loyalties are keyed to you and your community.



FOR QUALITY GLASS,
see your L-O-F Distributor or Dealer

An Independent Business



How to hire

America's best sales team

Why has television caught on so quickly? Because, of all the senses, *sight* conveys the deepest, sharpest, longest-lasting mental impressions. A customer's eyes are the best, and cheapest, sales team you can hire. That's why it pays to reappraise your *packaging* ever so often. Monsanto Chemistry can help. Here's just one example:

A West Coast ice cream company wanted customers to see the appetizing colors, fine texture and rich, creamy quality of its product. It has just brought out a new transparent re-use package of Lustrex* styrene plastic. This rigid molded pint jar, usable for other food products as well, was the talk of the recent packaging shows. More important, it's proving a runaway sales success.

So it goes through the whole range of packaging. Coated-paperboard milk containers made dripless by Monsanto nontoxic plasticizers, also used in the flexible wraps for fish, pickles, other food products. Smart new pastel-tinted jars of Lustrex plastic that are ringing the cash register bell for several national cosmetic lines.

Also, rigid, transparent packages of Vuepak* acetate; attractive bottle and jar closures of Resinox* phenolic; flexible wraps and bags of Ultron* vinyl film. Cans with nontoxic inner linings of phenolic coating resins and outside lithography protected with melamine resins. Paperboard containers of all kinds, sized with Mersize* and printed with inks flatted with Santocel.*

Changing the package often means changing the sales curve from a Death Valley plateau to a Pike's Peak climb. See what Monsanto Chemistry can do to help. Just write:

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